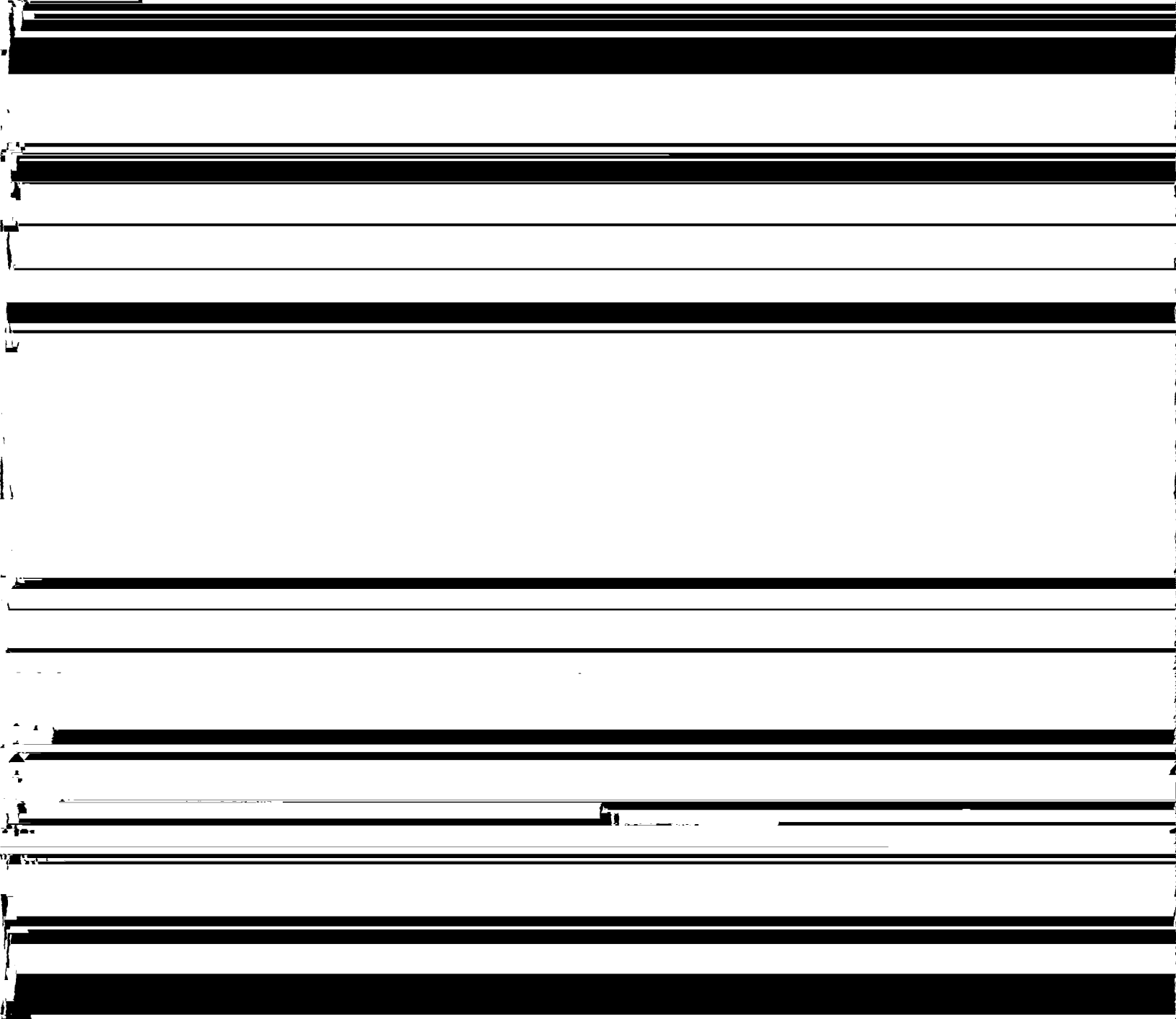
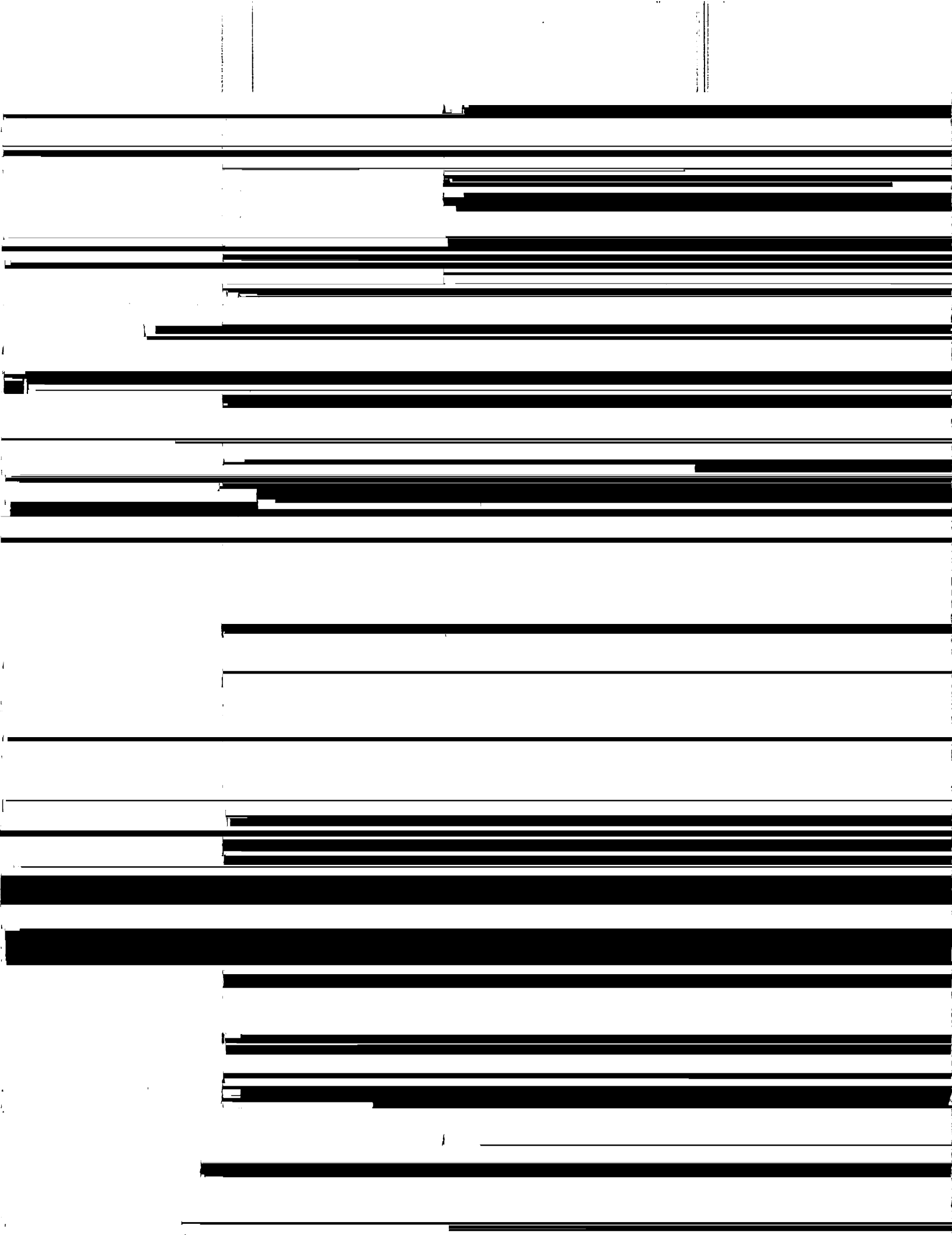


NOW THEREFORE, in connection with the investigation, the Division has determined that the Respondents have engaged, are engaging and/or may be about to engage in acts or practices constituting violations of the Act and Prior Act and hereby includes in this Order to Cease and Desist a statement of the reasons for the Order, a statement of the civil penalty sought as a result, and a notice that a hearing will be scheduled if either Respondent requests a hearing.

FACTUAL HISTORY

1—Respondent Graham is a North Carolina resident with a last known address of 2425 Dobbie



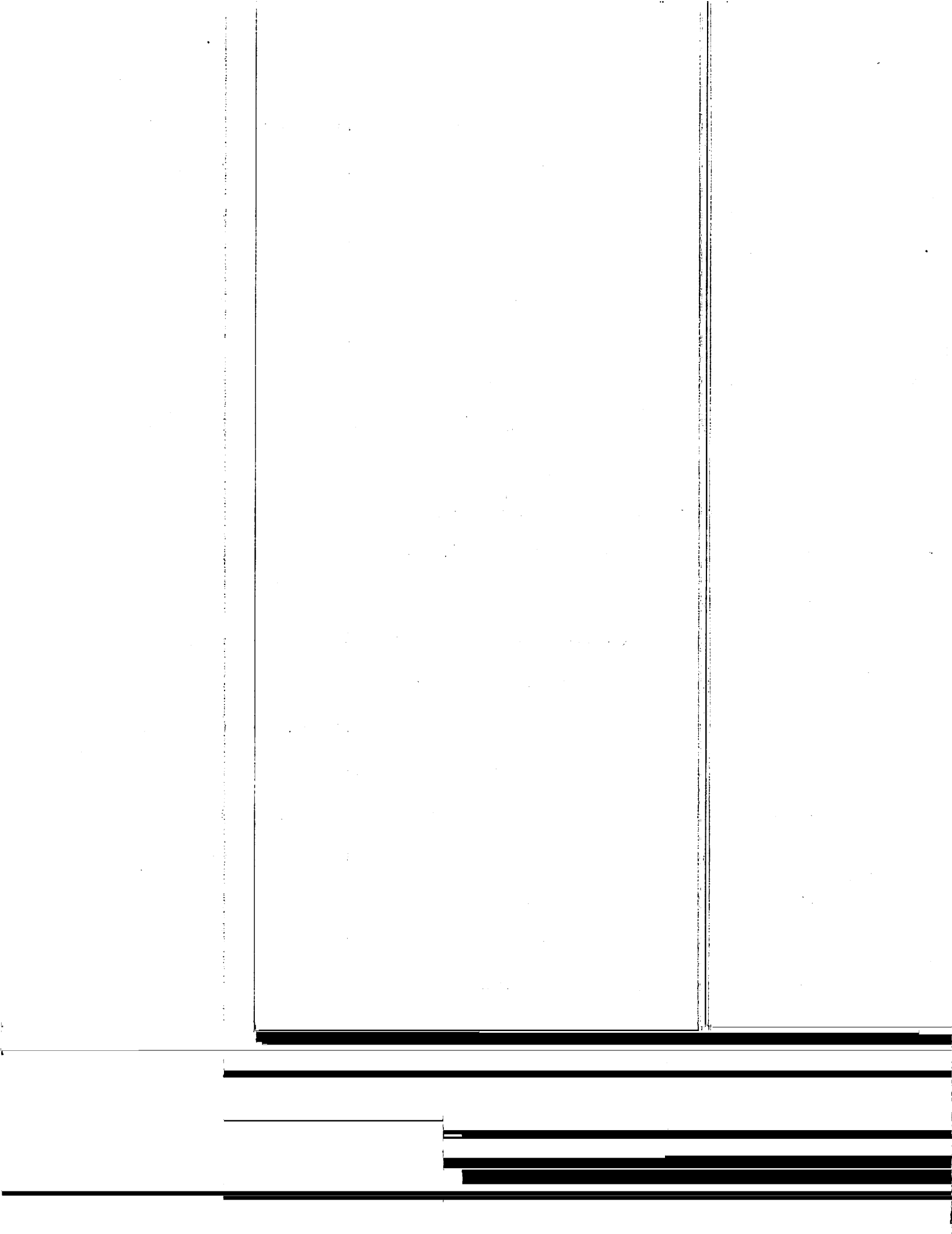


9. Written material provided to the Resident by Graham, acting on behalf of himself and Respondent Victory Petroleum, made promises of performance, stating “ [O]il and gas wells guaranteed to produce...really”; and “Victory is the only company in the industry that guarantees to produce oil or gas for its investors.”
10. On or about October 4, 2005, the Resident purchased a 3.125% interest in Jeff Davis #8 (the “Interest”) from Victory Petroleum.

11. The purchase was made through Respondent Graham

12. At the time the Interest was offered to the Resident, Respondents represented that drilling would begin during December 2005.
13. As of October 2006, no drilling had occurred at Jeff Davis #8.
14. The Resident’s last communication from the Respondents was on or about October 6, 2006, when the Resident was told that drilling would begin soon.
15. Despite attempts by the Resident, Respondents have not communicated with the Resident

since the communication on or about October 6, 2006

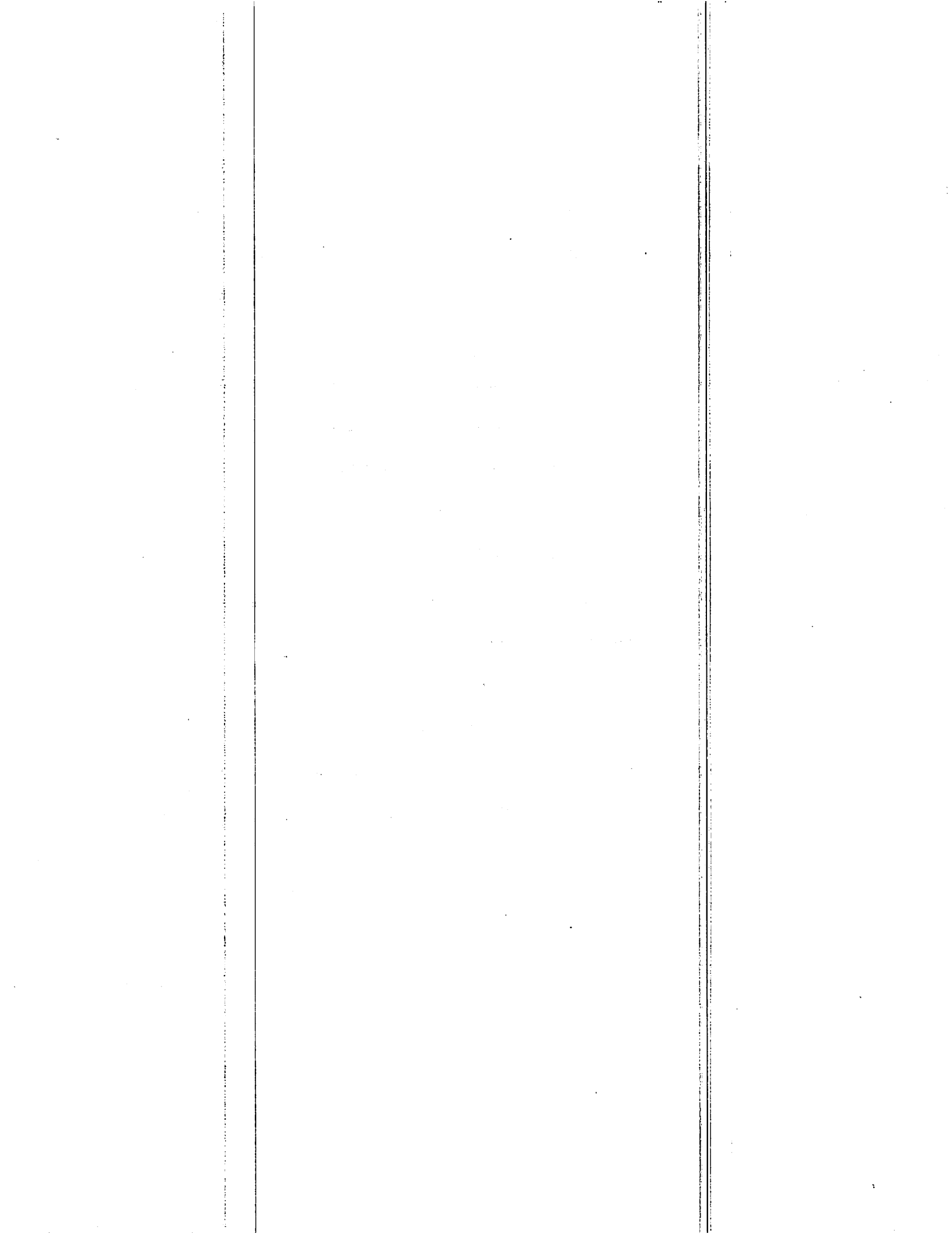


were previously drilled by the Respondents.

b. Respondent Cochran took a portion of Sinterstar funds received for the drilling of well

c. Respondent Victory Petroleum ceased all business activity by August 25, 2006. By that time, the Victory Petroleum office at 1501 North Charlotte Avenue, Monroe, North Carolina 28110 had closed and was not reopened.

d. Receipt of a certified letter mailed to Cochran's home. Respondent Cochran was given an



transact business in this State as a broker-dealer or agent unless he is registered under the Prior Act or exempt from licensing under the Prior Act.

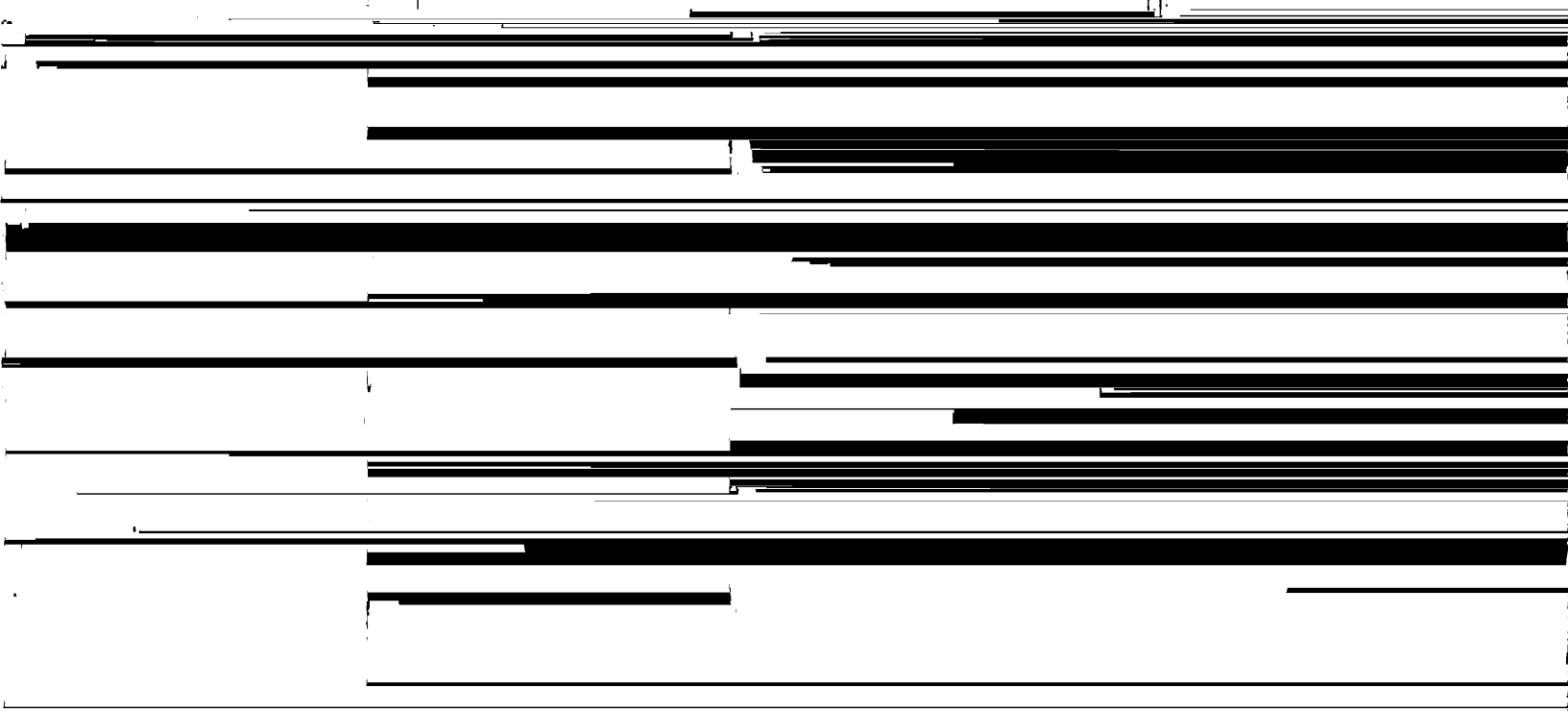
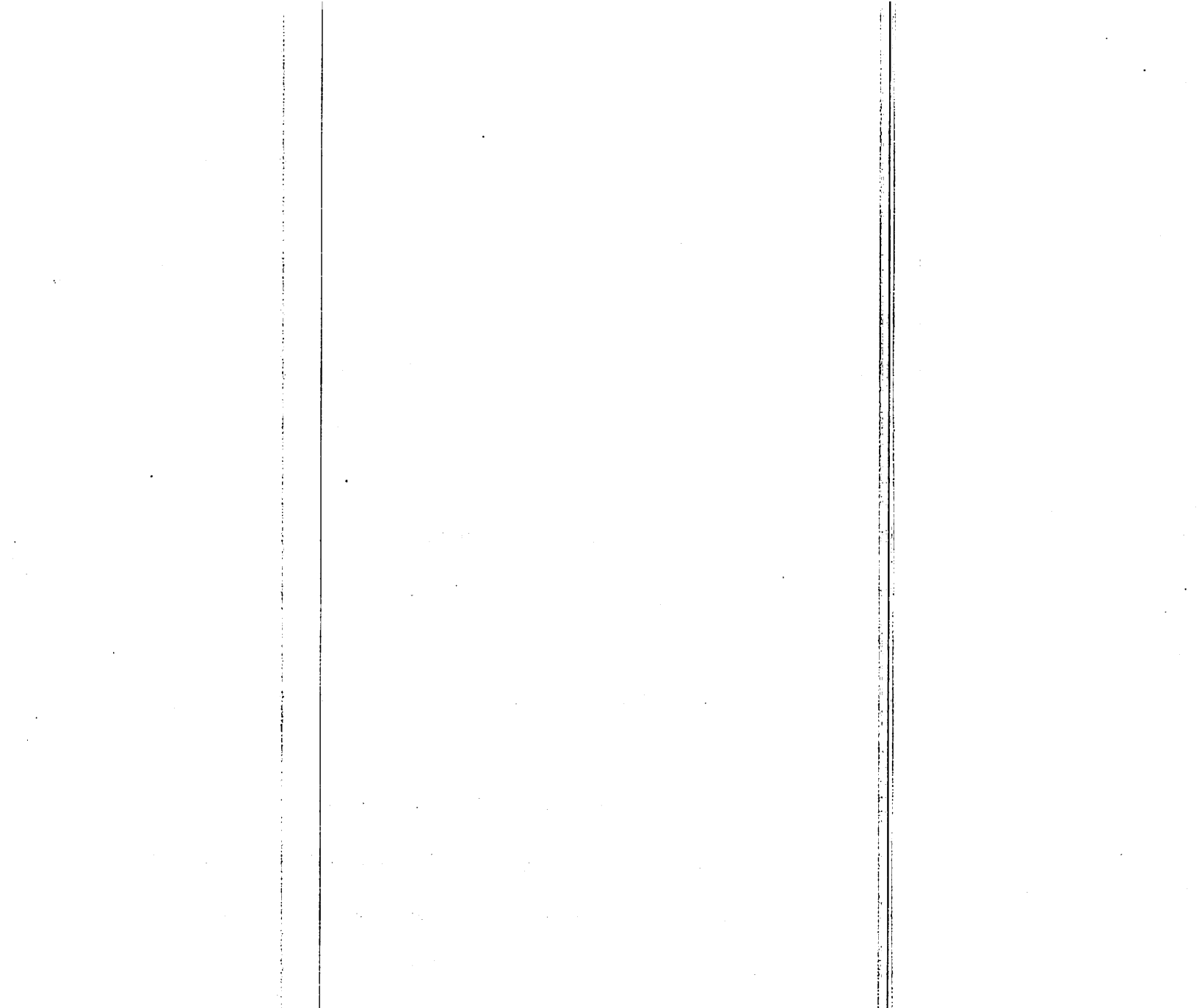
17. Pursuant to S.C. Code Ann. § 35-1-340 of the Prior Act, the burden of proving an exemption or an exception from a definition is upon the person claiming it.

18. Pursuant to S.C. Code Ann. § 35-1-1210 of the Prior Act, it is unlawful for any person, in

connection with the offer, sale, or purchase of any security, directly or indirectly to

- a. Employ any device, scheme, or artifice to defraud;
- b. Make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or
- c. Engage in any act, practice, or course of business which operates or would operate a fraud or deceit upon any person.

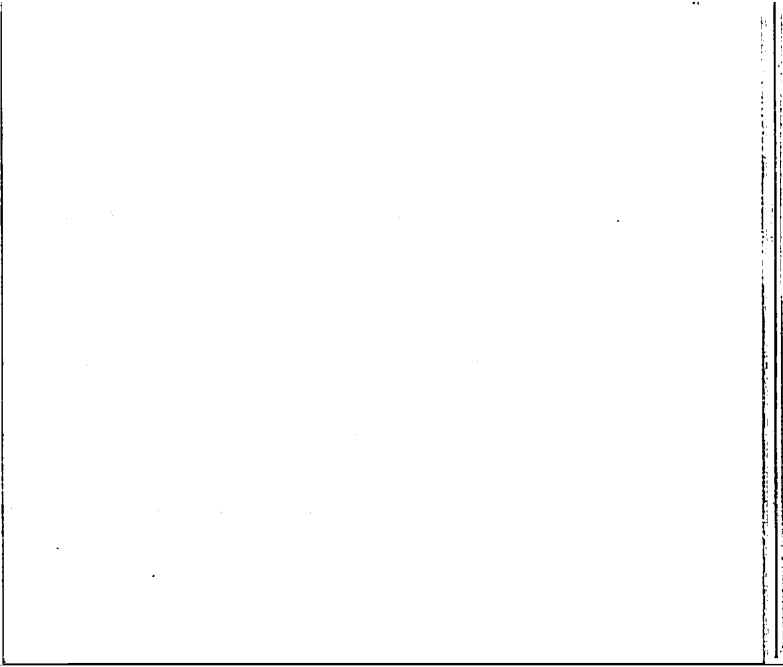
19. Pursuant to S.C. Code Ann. § 35-1-602(a)(1) of the Act, the Securities Commissioner may



Act or that a person has materially aided, is materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of the Act or the

Prior Act or a rule adopted or order issued under the Act or the Prior Act, the Securities Commissioner may issue an order directing the person to cease and desist

~~from engaging in the act, practice, or course of business or to take other action~~



DIVISION'S DETERMINATION

WHEREAS, based on the foregoing, the Division has determined that Graham and Victory Petroleum have engaged, are engaging, and/or are about to engage in an act, practice, or course of business constituting a violation of the Act or the Prior Act or a rule adopted or order

issued under the Act or Prior Act as follows:

- a. On or around October 4, 2005, Respondents offered and sold a security to a South Carolina resident.
- b. The security was not registered under the Prior Act, which was the securities act in place at the time of the October 2005 offer and sale.
- c. Neither Respondent was registered in this State as an issuer, broker-dealer, or agent.
- d. Neither Respondent has asserted to the Division any claim of exemption from registration with the Division, either on their own behalf or on behalf of the security.
- e. Graham and Victory Petroleum violated S.C. Code Ann. § 35-1-810 of the Prior Act, when they offered and sold a security in this State which was not registered under the

1

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

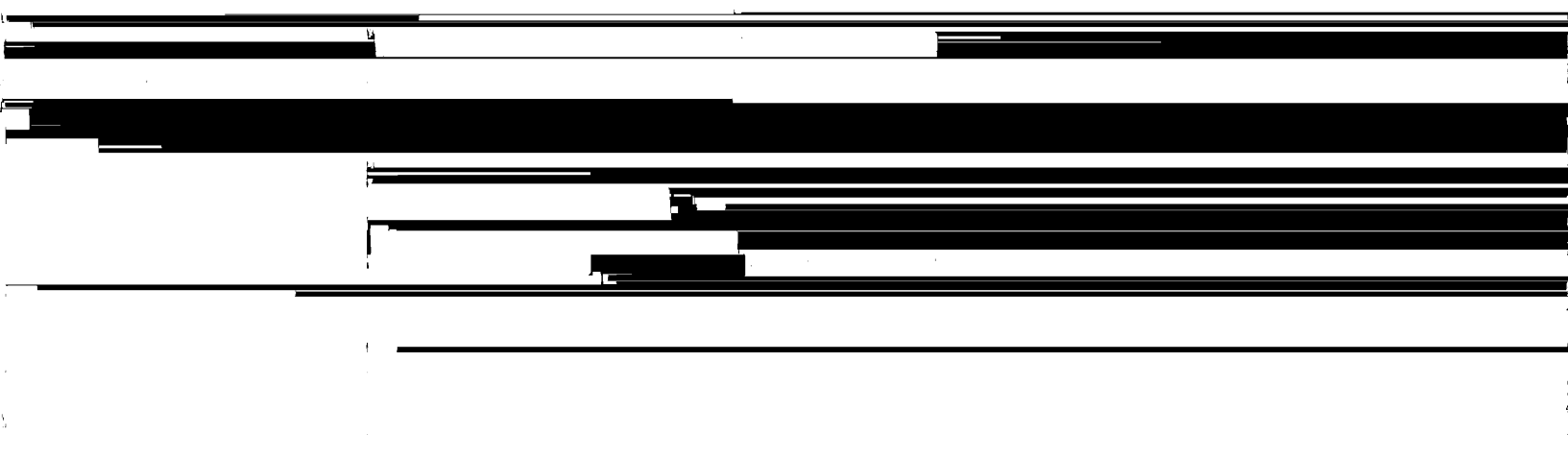
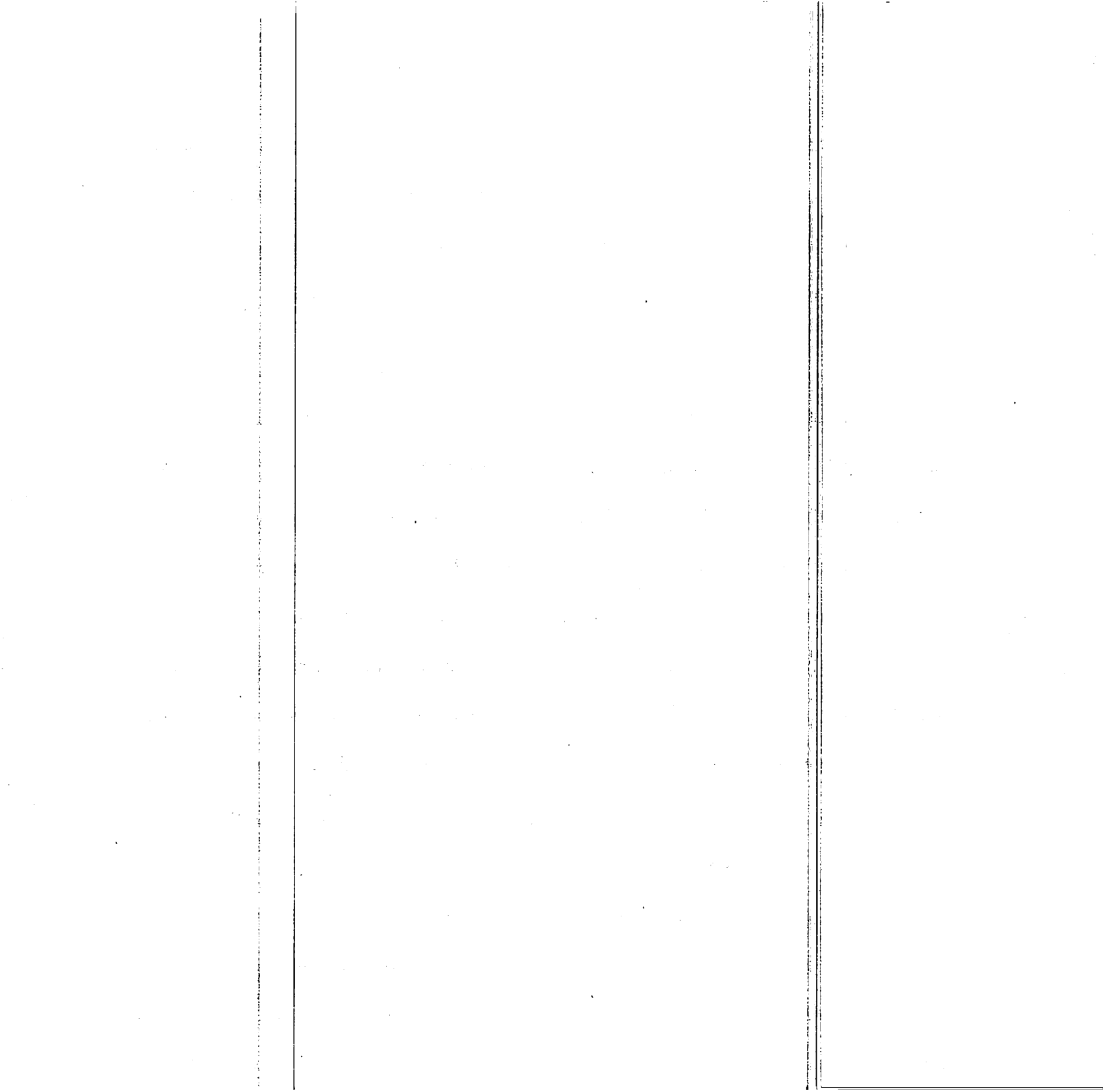
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becomes effective by operation of law, or, if either Respondent seeks a hearing and a

hearing is held, the hearing authority shall have the authority to suspend the Respondent's

or amount not to exceed five thousand dollars (\$5,000.00) for each violation of 41-



WILLFUL VIOLATION OF THIS ORDER COULD RESULT IN CRIMINAL PENALTIES

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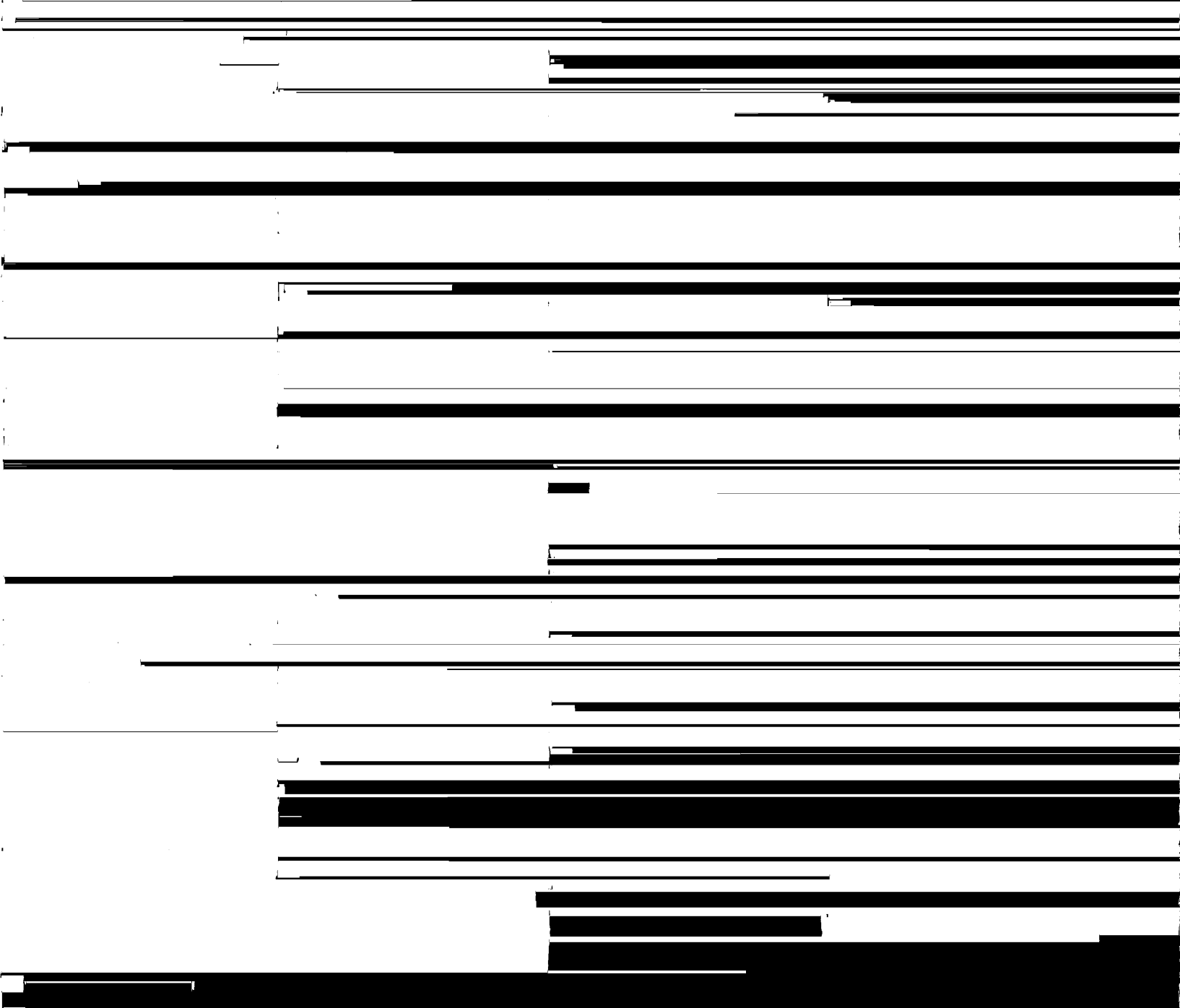
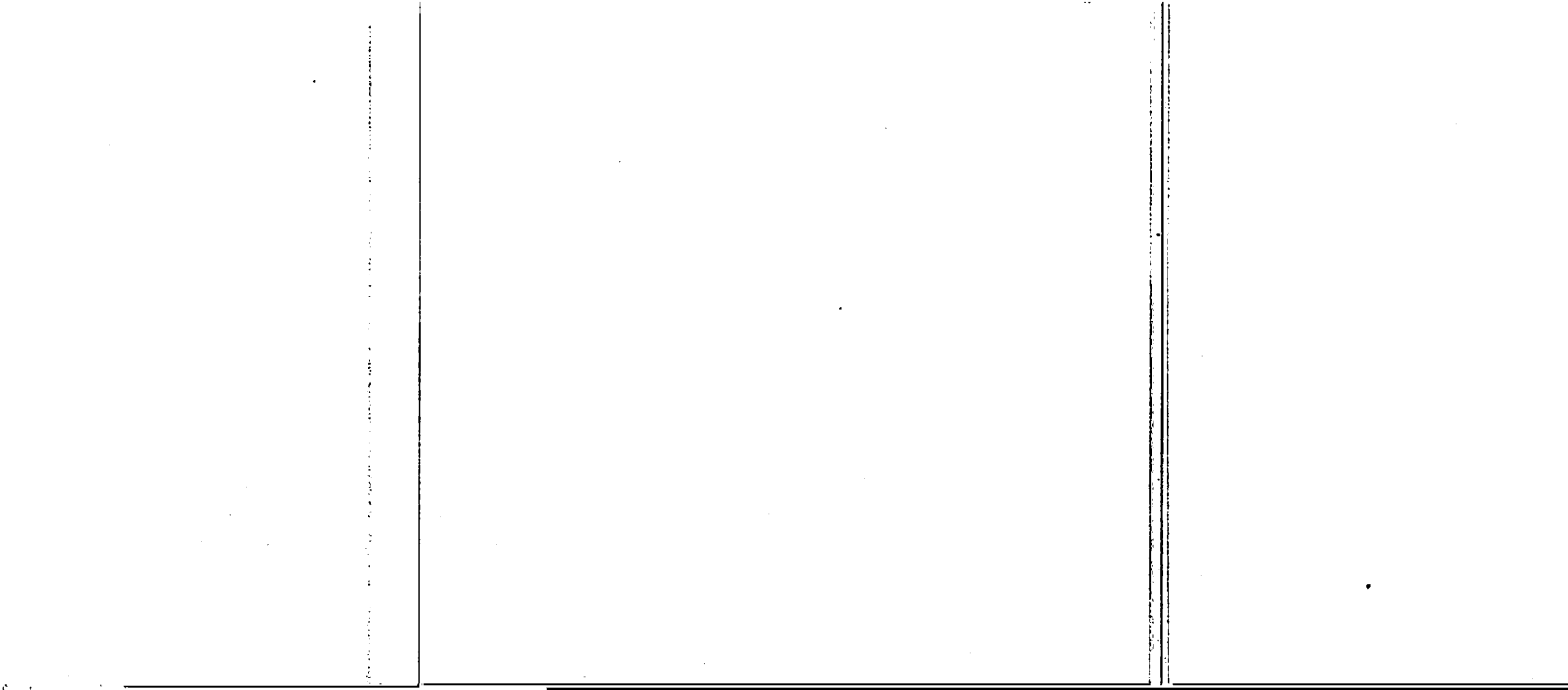
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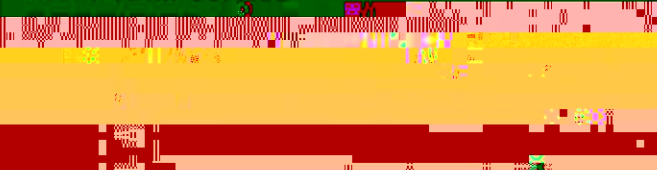
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U.S. POSTAGE



NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

POSTAGE WILL BE PAID BY ADDRESSEE

NO POSTAGE
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IF MAILED
IN THE
UNITED STATES

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery.

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent

[Handwritten Signature]

1. Article Addressed to:

[Redacted]

2. Is the end use different from item 1? Yes

If YES, enter delivery address below: No

3. Service Type

- Certified Mail Express Mail
- Registered Return Receipt for Merchandise
- Insured Mail C.O.D.

Restricted Delivery (Extra Fee) Yes

1001 North Charlotte Ave
Monroe, NC 28110

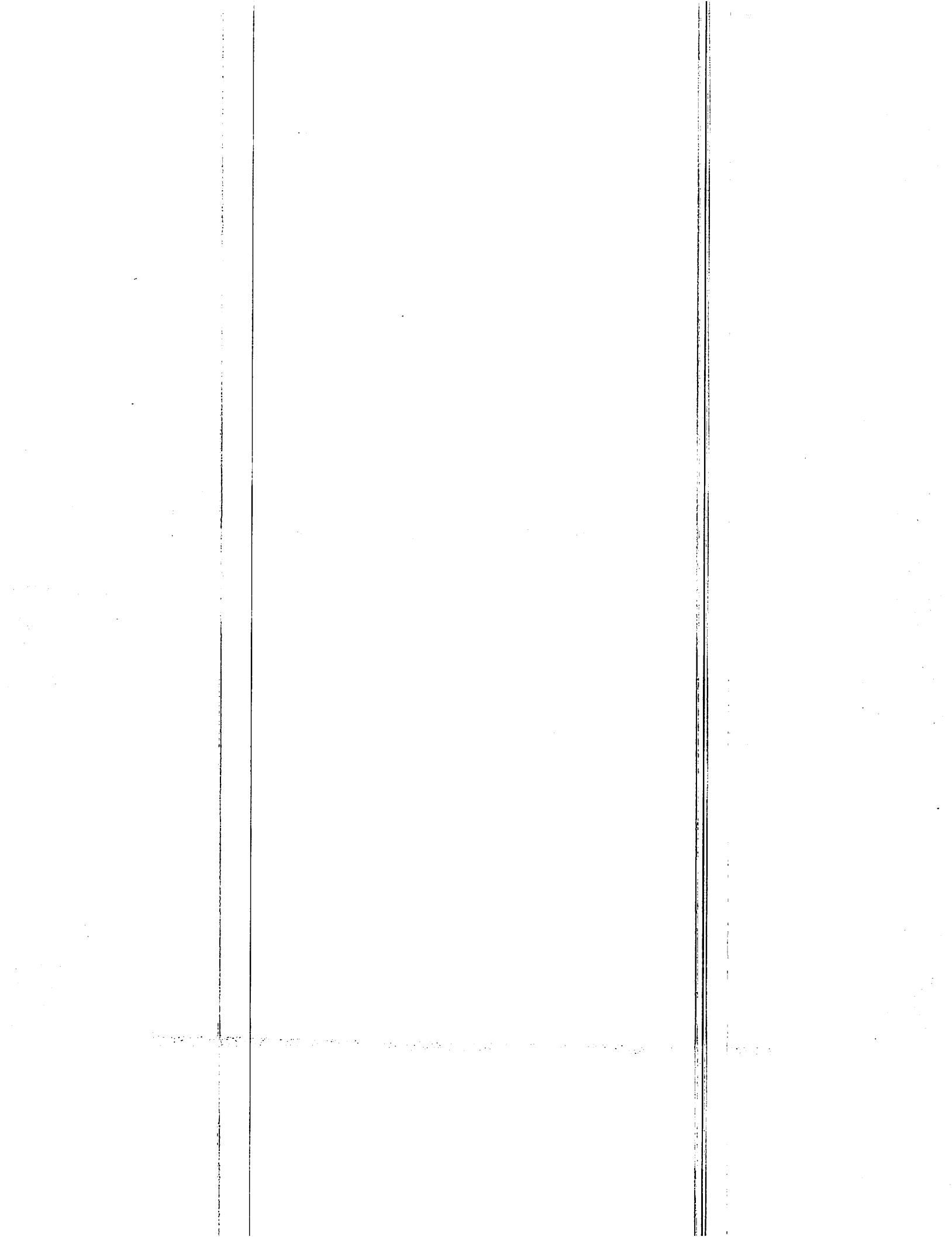
y 2004

Domestic Return Receipt

11-6

102595-02-M-1540

PS Form 3811, February



U.S. Postal Service
CERTIFIED MAIL RECEIPT

(Domestic Mail Only; Insurance Coverage Provided)

Article Description

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8
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3
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1

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	

Postmark
Here

Total Postage

