

BEFORE THE INVESTOR PROTECTION DIRECTOR
OF THE STATE OF DELAWARE

INVESTOR PROTECTION DIRECTOR
FOR THE STATE OF DELAWARE
NOV 12 2014

IN THE MATTER OF:)
)
COUCH OIL & GAS, INC.; CHARLES) Case No. 12-11-1
COUCH, and SAMUEL P. FREES,)
)
Respondents)

ADMINISTRATIVE CONSENT ORDER

WHEREAS, the Investor Protection Unit (the “IPU”) filed an administrative complaint (the “Complaint”) pursuant to the Delaware Securities Act, 6 *Del. C.* § 73-101, *et seq.* (the “Act”) alleging one count of offer and sale of an unregistered and non-notice filed security against Respondent Samuel P. Frees (“Respondent”), in violation of 6 *Del. C.* § 73-202; and one count of doing business as an unregistered broker-dealer or issuer agent against Samuel P. Frees in violation of 6 *Del. C.* § 73-301;

WHEREAS, Respondent, without admitting or denying the Conclusions of Law set forth below and solely for the purposes of this Consent Order, admits the jurisdiction of the Investor Protection Director for the State of Delaware (the “Investor Protection Director”), admits the Findings of Fact set forth below, voluntarily consents to the entry of this Consent Order, and waives any right to a hearing or to judicial review regarding this Consent Order; and

WHEREAS, pursuant to 6 *Del. C.* § 73-501 and § 225A of the Rules and Regulations Pursuant to the Delaware Securities Act (the “Rules”), Special Deputy Attorney General Richard P. S. “Buzz” Hannum has been designated to act as the Hearing Officer in this matter; and

NOW, THEREFORE, the Director, as administrator of the Act, hereby enters this Order:

I. FINDINGS OF FACT

1. At no time was Respondent Frees registered to sell securities in the State of Delaware.
2. Respondent Couch Oil & Gas, Inc. ("Couch Oil") is a company organized under Texas law with a principal place of business at 5605 North MacArthur, Suite 860, Irving, Texas 75038.
3. Respondent Couch Oil & Gas, Inc. ("Couch Oil") is a company organized under Texas law with a principal place of business at 5605 North MacArthur, Suite 860, Irving, Texas 75038.
4. Respondent Charles Couch ("Mr. Couch") is the President and CEO of Couch Oil.
5. Non-party ("Mr. ") is a Delaware resident.
6. In 2009, Respondent Frees and Mr. discussed investing in an oil and gas venture offered by Couch Oil.
7. On May 20, 2009, Mr. executed a Palo-Strawn 7 Participation and Subscription Agreement that was thereafter accepted and countersigned by Mr. Couch (the "Subscription Agreement").
8. Pursuant to the Subscription Agreement, Mr. paid \$41,850 for one-half unit of a purported "joint venture interest" in the Palo-Strawn 7 well program sponsored by Respondent Couch Oil & Gas via check dated May 28, 2009.
9. The interests conveyed by the Subscription Agreement were not registered with the Securities and Exchange Commission (the "SEC").
10. No Form D filing was made with the SEC with respect to interests conveyed by the Palo-Strawn 7 Well Participation and Subscription Agreement.
11. No Notice of Form D filing was made with the IPU.

II. CONCLUSIONS OF LAW

1. The “joint venture interest” conveyed by the Strawn 7 Participation and Subscription Agreement is a security for the purposes of the Act, which defines “security” to include any “investment contract” and any “certificate of interest of participation in an oil, gas or mining title or lease or in payments out of production under such a title or lease.” 6 *Del. C.* § 73-103(7).
2. Under the Act, “sale” or “sell” includes “every contract of sale of, contract to sell or disposition of a security or interest in a security for value.” 6 *Del. C.* § 73-103(17).
3. Under the Act, a person may not transact business as a broker-dealer or broker-dealer agent in Delaware unless registered pursuant to the Act. 6 *Del. C.* § 73-301(a).
4. As a result, this Consent Order and the following relief are appropriate and in the public interest.

III. ORDER

On the basis of the Findings of Fact, Conclusions of Law, and the consent of the Respondents to the entry of this Consent Order,

IT IS HEREBY ORDERED:

1. Respondent Frees shall **CEASE AND DESIST** from any action which is in violation of the Delaware Securities Act.
2. Within five (5) business days of the entry of this Order, Respondent agrees to deliver to the Investor Protection Unit, Delaware Department of Justice, 820 North French Street, 5th Floor, Wilmington, Delaware 19801, the sum of five thousand dollars (\$5,000) as settlement and resolution of this administrative proceeding to Mr _____, such sum to constitute a liquidated claim (the “Payment”). The Payment shall be made by United States postal

money order, certified check, bank cashier's check or bank money order, made payable to
' .”

3. Within five (5) business days of the receipt of Respondent's Payment, the IPU shall dismiss the Complaint with prejudice and close the investigation.
4. Respondent agrees that any failure by Respondent to make the Payment to the IPU when due shall be considered a violation of this Order authorizing the IPU to apply to the Court of Chancery to enforce compliance with this Order pursuant to 6 *Del. C.* § 73-602.
5. This Consent Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of Delaware without regard to any choice of law principles.
6. This Order is not intended by the IPU to subject Respondent Frees to any disqualifications under the laws of the United States, any state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands, or under the rules or regulations or commodities regulator or self-regulatory organization, including without limitation, any disqualification from relying upon the state or federal registration exemptions or safe harbor provisions under Rule 506 of Regulation D.
7. This Consent Order is entered into solely for the purposes of resolving the referenced administrative proceeding, and is not intended to be used for any other purpose, including its introduction for purposes of establishing facts or conclusions of law with respect to the remaining non-dismissed charges and respondents. For any person or entity not a party to the Consent Order, this Consent Order does not create any private rights or remedies against Respondent Frees, create liability of Respondent Frees, or limit or preclude any legal or factual positions or defenses of Respondent Frees in response to any claims.

IT IS HEREBY ORDERED on this 12th day of November, 2014.



Owen P. Lefkon
Investor Protection Director