

**ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF: \*

INTERNATIONAL ENERGY AND \*  
RESOURCES, INC. Securities Division No. 2007-0285  
and \*  
ROBERT VAUGHN \*

RESPONDENTS. \*

\* \* \* \* \*

**FINAL ORDER TO CEASE AND DESIST**

WHEREAS, the Securities Division of the Office of the Maryland Attorney General, pursuant to the authority granted in section 11-701 of the Maryland Securities Act, Title 11, Corporations and Associations Article, Annotated Code of Maryland (1999 Repl. Vol. & Supp. 2006) (the "Securities Act"), undertook an investigation into the securities-related activities of International Energy and Resources, Inc., and Robert Vaughn (collectively the "Respondents"); and

WHEREAS, on the basis of that investigation the Securities Commissioner found grounds to allege that the Respondents had engaged in an act or practice constituting a violation of the registration provisions and the antifraud provisions of the Act; and

WHEREAS, the Commissioner issued an Order To Show Cause, ordering each Respondent to show cause why a final order should not be entered ordering that Respondent to cease and desist from violating those registration and antifraud provisions of the Act, to show cause why a statutory monetary penalty should not be assessed against that Respondent for such violations, and to show cause why that Respondent should not be barred from engaging in the securities business in Maryland for or on behalf of others or from being or acting as a principal or consultant in any entity engaged in such activities; and

WHEREAS, that Order gave each Respondent notice of the opportunity for a hearing in this matter, if requested in writing within fifteen days of service of that Order, and gave notice that a Final Order To Cease And Desist would be issued as to any Respondent not requesting a hearing, imposing a bar from engaging in securities transactions on behalf of others and a monetary civil penalty; and

WHEREAS, neither Respondent has filed an Answer or requested a hearing;

NOW, THEREFORE, having determined that it is in the public interest to issue this Final Order To Cease And Desist, THE COMMISSIONER FINDS AND ORDERS:

### **I. JURISDICTION**

1. The Commissioner has jurisdiction in this proceeding and over the Respondents pursuant to section 11-701.1 of the Act.

### **II. RESPONDENTS**

2. International Energy and Resources, Inc. (“IER”) is a Texas corporation, with its last-known address in Dallas, Texas.

3. Robert Vaughn (“Vaughn”) at all times relevant to this order was a sales agent for IER, with his last-known residence address in Dallas, Texas.

### **III. STATEMENT OF FACTS**

For the purpose of this Order, the Commissioner finds that:

4. International Energy and Resources is an exploration and development company that at all relevant times has held itself out as the manager of the Chastain Mine Joint Venture I (“CMJV”) project, and the issuer of interests in CMJV.

5. The CMJV has or is acquiring a working interest in the production from four gold mines. When the mines show a net profit, there may be a distribution to working interest holders, including IER/CMJV, which then would distribute the profits to its partners.

6. In late December 2005, Vaughn made an unsolicited telephone call to a Maryland resident ("R1"). Vaughn, identifying himself as an agent of IER, said that IER was offering a working interest in a gold mining project located in Arizona, known as the Chastain Mine Joint Venture.

7. According to solicitation materials sent by Vaughn, joint interests in the mine were being offered to accredited investors. (R1 is not an accredited investor.) The Maryland resident was told by Vaughn that he could double his money in one year. Neither Vaughn nor the solicitation materials disclosed the risks associated with the mining venture, or provided IER's financial statements.

8. This is a passive investment. The "Participant Agreement" to be completed by investors requires the investor to warrant that he "is relying solely on the unique entrepreneurial or managerial ability of IER for the success of the captioned Venture..."

9. R1 submitted two Participant Agreements to IER, one on January 31, 2006, and one on March 4, 2006. Each was for an investment of \$25,000, and each was to acquire a 1% joint interest of the CMJV. In September 2006, investor R1 received a check from IER for \$235.88; he has received nothing more.

10. In March 2006, Vaughn made an unsolicited call to a second Maryland resident ("R2"). Vaughn identified himself as an agent of IER, and said that he was offering investments in a gold mine.

11. Subsequently, Vaughn sent that resident solicitation materials, including a Participant Agreement and a 2005 booklet entitled "Overview of the Chastain Mine," which states that investors could expect to receive 100% of their principal by the 2<sup>nd</sup> quarter of 2006, along with certain tax benefits.

12. The booklet also included projections of performance and profits, showing a ten-year return of over \$1.5 million for a \$100,000 investment. The solicitation materials did not include a disclosure of the risks associated with the mining venture, or IER's financial statements.

13. On April 25, 2006, this second investor sent \$12,500 to IER for a 0.5% joint interest in the CMJV project.

14. Investor R2 has received no return from his investment of \$12,500.

15. The Securities Division has no record of securities registration for an offering by or in the name of IER or the Chastain Mine Joint Venture, nor has any claim of exemption or status as a federal-covered security been filed with the Division with respect to any such offering.

16. Neither IER nor Vaughn is registered with the Securities Division as a securities broker-dealer or agent, or as an investment adviser or investment adviser representative.

17. Investors were not given full disclosure materials prior to or at the time of their investment, and received no disclosure of risk.

18. Investors were not informed that neither IER nor Vaughn is registered to offer or sell securities in Maryland.

19. Neither Maryland investor was told that IER was the subject of a November 2005 Consent Order issued by the Washington Securities Commissioner, arising from violations of the registration and antifraud provisions of that state's securities laws in connection with sales of mining investments.

#### **IV. CONCLUSIONS OF LAW**

20. The interests in IER's CMJV project that were offered and sold by the Respondents constitute "securities" within the meaning of section 11-101 of the Act.

21. Respondents violated section 11-501 of the Act by offering and selling unregistered securities in Maryland, for which no claim of preemption or exemption has been filed.

22. Respondents violated section 11-401(a) of the Act by transacting business in the offer or sale of securities in this state as a broker-dealer or securities agent, without being registered pursuant to the Act.

23. Respondent IER violated section 11-402(a) of the Act by employing an unregistered agent for the offer and sale of securities in Maryland.

24. Respondents violated section 11-301 of the Act by making materially false and misleading statements regarding the value of CMJV interests and the promised investor profits, and by omitting material facts, including full representation of the risks associated with an investment in IER, the use of invested funds, and the registration status and disciplinary history of the Respondents.

## **V. SANCTIONS**

IT IS HEREBY ORDERED THAT:

25. (a) Respondents permanently cease and desist, in or from Maryland on behalf of others, from offering or selling securities in violation of the Act, from offering and selling any securities whether registered or exempt from registration, and from engaging in any transaction exempted under the Act; and that

(b) Respondents are permanently barred from engaging in the securities business in Maryland for or on behalf of others, or from acting as a principal or consultant in any entity so engaged; and that

(c) Respondents, jointly and severally, are assessed a civil monetary penalty of \$75,000 pursuant to section 11-701.1(b) of the Act, payable by certified check to the Office of the Attorney General.

## **VI. JURISDICTION RETAINED**

26. Jurisdiction is retained by the Securities Commissioner for the purpose of enabling any party to this Order to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Order.

**VII. NOTICE OF APPEAL RIGHTS**

27. Pursuant to the Code of Maryland Regulations, COMAR 02.02.06.24, each Respondent has the right to file an appeal of this Order with the circuit court. Any appeal must be filed within 30 days from the date this Order is mailed by the Division.

**IT IS SO ORDERED**

September 26 , 2007

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MELANIE SENTER LUBIN  
SECURITIES COMMISSIONER