

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

IN THE MATTER OF: \*

ALPINE PETROLEUM, LLC, \*

and \*

File No. 2006-0372

RED EARTH RESOURCES, INC. \*

and \*

JIM MORRISETT, individually \*  
and in his capacities with the \*  
companies, \*

Respondents. \*

\* \* \* \* \*

**FINAL ORDER TO CEASE AND DESIST  
AND ORDER OF BAR**

WHEREAS, the Division of Securities of the Office of the Maryland Attorney General (the “Division”), pursuant to the authority granted by the Maryland Securities Act, Corporations and Associations Article, section 11-701, Annotated Code of Maryland (2007 Repl. Vol.) (the “Act”), instituted an investigation into the securities-related activities of Red Earth Resources, Inc., Alpine Petroleum, LLC (together with Red Earth Resources, Inc., “Alpine”), and Alpine’s agent, Jim Morrisett (“Morrisett”) (together, the “Respondents”), among others; and

WHEREAS, on the basis of that investigation, the Maryland Securities Commissioner (the “Commissioner”) concluded that the Respondents may have engaged in acts or practices constituting violations of the Act and further determined that action against the Respondents is in the public interest; and

WHEREAS, pursuant to section 11-701.1(a) of the Act, on January 18, 2008, the Commissioner issued an Order To Show Cause, incorporated herein by reference, requiring Respondents to show cause why: each Respondent should not be barred permanently from engaging in the securities and investment advisory business in Maryland; why a civil monetary penalty should not be entered against each Respondent; and why a final order should not be entered ordering each of the Respondents to cease and desist from further violations of the Act; and

WHEREAS, the Order to Show Cause gave Respondents notice of the opportunity for a hearing in this matter, provided that Respondents submit an answer within 15 days of service of the Order to Show Cause, including any request for a hearing, and gave notice to Respondents that failure to do so would be deemed a waiver of the right to a hearing and result in the entry of a final order; and

WHEREAS, a copy of the Order to Show Cause was served upon Respondents at their last known addresses and upon the Commissioner in accordance with section 11-802 of the Act; and

WHEREAS, as to each Respondent, process was returned marked “FOE” (Forwarding Order Expired) or “unable to forward” in connection with Respondents’ last known addresses, and none of the Respondents has submitted an answer to the Order to Show Cause, nor a written request for a hearing.

NOW, THEREFORE, THE COMMISSIONER FINDS AND ORDERS:

### **I. JURISDICTION**

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

### **II. RESPONDENTS**

2. Red Earth Resources, Inc., is an Oklahoma-based energy company with its principal operating address at 320 South Boston, Suite 1026-9, Tulsa, Oklahoma 74103.

3. Alpine Petroleum, LLC, is an Oklahoma-based energy company with its principal operating address at 15 West 6<sup>th</sup> Street, Suite 2066, Tulsa, Oklahoma 74119.

4. Jim Morrisett served or serves as chief executive officer and managing member of Red Earth Resources, Inc., and Alpine Petroleum, LLC, the promoters and managers of each of the joint ventures and limited partnerships listed in item 13, below, interests of which were offered and sold in Maryland.

5. Alpine is not, and has never been, registered in Maryland as a broker-dealer.

6. Morrisett is not, and has never been, registered in Maryland as a broker-dealer or a broker-dealer agent.

7. Morrisett is not, and has never been, registered in Maryland as an issuer agent.

### **III. FINDINGS OF FACT**

The Commissioner finds as the basis for this Final Order To Cease And Desist and Order of Bar (“Final Order”):

8. Alpine is engaged in the exploration, development, and production of oil and natural gas.

9. Alpine is controlled by Morrisett, who was chief executive officer and managing member at all times relevant to the facts addressed by this proceeding.

10. Alpine, operating in Maryland through its agents, Morrisett and others, offered and sold securities in joint ventures and limited partnerships affiliated and under common control with Alpine. The securities were offered and sold in Maryland in seven offerings. The securities took the form of limited partnership interests and investment contracts titled “joint venture units.”

11. Respondents used “cold calls” and other forms of general solicitation to contact the Maryland investors. Prior to the initial offer of securities to each Maryland investor, Respondents did not have a prior existing personal or business relationship with the respective investors.

12. The offers of securities transmitted by the Respondents omitted to state material facts necessary in order to make the disclosure not misleading, such as relevant risk factors, current financial information, detailed uses of the proceeds, competition, management experience and compensation, state enforcement orders that had been issued against one or more Respondents in connection with violations of state securities laws, the unregistered nature of the offering, and the unregistered nature of the Respondents as broker-dealers, among other material disclosures.

13. Beginning in 2002 and continuing through 2006, Respondents submitted to the Division on behalf of Alpine and its affiliates six notices on Form D (Notice of Sale of Securities Pursuant to Regulation D, Section 4(6), and/or Uniform Limited Offering Exemption) in connection with the sale of securities of the following securities offerings:

Red Earth Resources, Inc./Alpine Energy Fund	(MD File #EX20060483)
Alpine Petroleum, LLC/Red Earth Resources, Inc.	(MD File #EX20050256)
Red Earth Resources, Inc./Hayes Martin L.P.	(MD File #EX20020556)
Red Earth Resources, Inc.	(MD File #EX20020543)
Red Earth Resources, Inc./Shallows, L.P.	(MD File #EX20020539)
Red Earth Resources, Inc./Hirsch, L.P.	(MD File #EX20020367)

14. Respondents failed to file any notice for the offering entitled “United Energy Investments Joint Venture.”

15. The notices filed by Respondents reflect sales of securities to Maryland investors, as of the date of the notice filing, of at least \$50,000. The materials and information provided by investors who reside in Maryland, by contrast, reflect six sales of securities of at least \$150,000.

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

The Commissioner concludes that:

16. The joint ventures and limited partnerships affiliated and under common control with Alpine, offered and sold by Respondents constitute “securities” pursuant to section 11-101(r) of the Act.

17. Respondents offered and sold securities in violation of section 11-501 of the Act.

18. Red Earth Resources, Inc., Alpine Petroleum, LLC and Morrisett, offered and sold securities in Maryland without Morrisett being registered as a broker-dealer agent, and without Red Earth Resources, Inc., Alpine Petroleum, LLC or Morrisett being registered as broker-dealers, in violation of section 11-401 of the Act.

19. Respondents omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, such as relevant risk factors, current financial information, detailed uses of the proceeds, competition, management experience and compensation, state enforcement orders that had been issued against Respondents in connection with violations of state securities laws, the unregistered nature of the offering, and the unregistered nature of the Respondents as broker-dealers, among others.

#### **V. SANCTIONS**

NOW, THEREFORE, the Commissioner finds it to be in the public interest to issue this Final Order, and IT IS HEREBY ORDERED THAT:

20. Respondents each permanently cease and desist from engaging in the offer and sale of unregistered, non-exempt securities in violation of section 11-501 of the Act.

21. Morrisett permanently cease and desist from acting as an unregistered agent or broker-dealer in Maryland in violation of section 11-401 of the Act.

22. Red Earth Resources, Inc. and Alpine Petroleum, LLC permanently cease and desist from acting as unregistered broker-dealers in Maryland in violation of section 11-401 of the Act.

23. Morrisett, Red Earth Resources, Inc. and Alpine Petroleum, LLC permanently

cease and desist from engaging in fraud in violation of section 11-301 of the Act.

24. Respondents are permanently barred from engaging in the securities and investment advisory businesses in Maryland for or on behalf of others, or from acting as a principal or consultant in any entity so engaged, or from acting as broker-dealers, broker-dealer agents, issuer-agents, or investment advisers.

25. Respondents are assessed, jointly and severally, a civil monetary penalty, pursuant to section 11-701.1 of the Act, in the amount of \$90,000 (\$5,000 for each of 6 violations of section 11-501 of the Act, 6 violations of section 11-401 of the Act, and 6 violations of section 11-301 of the Act), payable by certified check to the order of the Office of the Attorney General.

#### **VI. JURISDICTION RETAINED**

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

#### **VII. APPEAL RIGHTS**

27. Any Respondent may appeal this Final Order to the appropriate Circuit Court of the State of Maryland within 30 days from the date this Final Order is mailed by the Division.

February 13, 2008

**SO ORDERED:  
Commissioner's Signature is  
on file w/ Original Document**

MELANIE SENTER LUBIN  
Securities Commissioner

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