

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:)	
)	
DEL MAR ENERGY, INC.)	ADMINISTRATIVE ORDER
MICHAEL EDWARD LATHAM)	NO. CO-2008-0019
BRANDON MCCLOSKEY)	
)	
RESPONDENTS)	

**LIMITED CONSENT ORDER AS IT PERTAINS TO
DEL MAR ENERGY INC. AND MICHAEL EDWARD LATHAM ONLY**

The Alabama Securities Commission ("Commission"), having authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities, into, within or from the state of Alabama, has determined as follows:

RESPONDENTS

1. **DEL MAR ENERGY, INC. ("DEL MAR")** is a Texas company with a business address of 5750 Genesis Court, Suite 220, Frisco, Texas 75034.

2. **MICHAEL EDWARD LATHAM ("LATHAM")** at all times relevant is President and CEO of DEL MAR, with a business address of 5750 Genesis Court, Suite 220, Frisco, Texas 75034.

3. **BRANDON McCLOSKEY ("McCLOSKEY")** at all times relevant is identified as a sales representative for DEL MAR with a business address of 5750 Genesis Court, Suite 220, Frisco, Texas 75034.

STATEMENT OF FACTS

4. On February 13, 2008, **McCLOSKEY** "cold-called" an Alabama resident and engaged in the offer and/or sale of an unregistered security, to wit: Units of working

interest and participation in the Shaw lease oil and gas program, involving three developmental oil wells to be drilled in Brown County, TX.

5. On February 13, 2008, **McCLOSKEY** verbally offered the Alabama resident the minimum investment of 2% interest in the Shaw lease oil program at \$26,400.00, which represents one-half unit of ownership. This offer was witnessed and digitally recorded by agents of the Commission. The offering documents were mailed by representatives of **DEL MAR** to the Alabama resident following this verbal offer.

6. On February 25, 2008, a review of the files of the Commission revealed no record of registration for **RESPONDENTS** as a Broker Dealer, Securities Agent, Investment Adviser (IA) or Investment Adviser Representative (IAR) in the State of Alabama.

7. Review of the files of the Commission revealed no registration or exemption from registration in the State of Alabama for Units of interest in the Shaw lease oil program offered by **RESPONDENTS**.

8. On June 9, 2008, the Commission staff issued a Cease and Desist Order (No. 2008-0019) to **DEL MAR, LATHAM, and McCLOSKEY**.

9. In response to Administrative Order No. CD-2008-0019 and the Administrative Subpoena, both issued in June 2008, the **RESPONDENTS, DEL MAR and LATHAM**, provided information relating to the offer described herein. The information submitted to the Commission staff acknowledged that offers were made to two Alabama residents in the Shaw lease oil and gas program by **McCLOSKEY** and that **McCLOSKEY** had a prior, pre-existing relationship with the two Alabama residents.

10. The Commission staff issued correspondence to **RESPONDENTS, DEL MAR and LATHAM**, requesting documentation that the prior, pre-existing relationship between **McCLOSKEY** and the Alabama residents did not originate from a "cold-call."

11. In March and June 2009, **RESPONDENTS, DEL MAR and LATHAM**, provided the Commission staff with affidavits signed by **LATHAM and McCLOSKEY**. **LATHAM's**

affidavit indicated that **McCLOSKEY** represented to **LATHAM** that he knew the two Alabama residents and had a pre-existing business relationship with the two Alabama residents. **McCLOSKEY's** affidavit explained that he was informed by his prior employer that the two Alabama residents had previously done business with **McCLOSKEY's** employer at the time and were on the investor list. No documentation has been provided to the Commission in regards to the pre-existing business relationship with **McCLOSKEY's** prior employer. According to information provided by **DEL MAR** and **LATHAM**, the company, that previously employed **McCLOSKEY**, has been out of business since February 2008.

CONCLUSIONS OF LAW

12. Pursuant to Section 8-6-2(10), Code of Alabama 1975, a certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease, or any right to subscribe to any of the foregoing, is a security. The Units of working interest in the Shaw lease oil program offered by **RESPONDENTS** to the Alabama resident are securities.

13. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any person to transact business in this state as a dealer or agent for securities unless he is registered under the Act. **RESPONDENTS** offered securities to an Alabama resident while not registered as a dealer or agent in violation of Section 8-6-3(a) of the Act.

14. Pursuant to Section 8-6-4, Code of Alabama 1975, it is unlawful for any person to offer or sell any security in this state unless it is registered under this article; the security is exempt from registration under Section 8-6-10; or the transaction is exempt under Section 8-6-11. The securities, to wit: Units of working interest participation in the Shaw lease oil and gas program, offered by the **RESPONDENTS** to the Alabama residents were neither registered nor exempt from registration in the state of Alabama in violation of Section 8-6-4 of the Act.

WHEREAS, **DEL MAR** and **LATHAM** have fully cooperated with the Commission's investigation, and provided all the information requested by the Commission, and

WHEREAS, **DEL MAR** and **LATHAM** have conveyed to the Commission staff that **DEL MAR** and **LATHAM** relied upon representations made to them by **McCLOSKEY** regarding a prior, pre-existing business relationship with two Alabama residents in which **McCLOSKEY** made an offer for an investment in the Shaw lease oil and gas program. Further, **DEL MAR** and **LATHAM** have represented to the Commission staff that there have been no sales of securities, to wit: interest in the Shaw lease oil program, to any Alabama residents.

WHEREAS, **DEL MAR** and **LATHAM** neither admit nor deny the Statement of Facts set out hereinabove are true and correct; **DEL MAR** and **LATHAM** admit the assertions made and provided by **DEL MAR** and **LATHAM** during the Commission's investigation of this matter are true and correct; **DEL MAR** and **LATHAM** represent to the Commission that the offers disclosed herein are the only offers of a security that have been made into, within or from the state of Alabama; **DEL MAR** and **LATHAM** represent that they have disclosed all known offers and/or sales of any investments in the Shaw lease oil and gas program made into, within or from the State of Alabama; that **DEL MAR** and **LATHAM** understand that the Commission relied upon the facts as set forth in the Statement of Facts above, in entering into this Consent Order;

WHEREAS, the Commission may seek further civil or criminal remedies, available to it under the provisions of the Act, against **DEL MAR** and **LATHAM**, if it determines that the assertions or representations relied upon by the Commission in entering this Consent Order prove to be incorrect;

WHEREAS, **DEL MAR** and **LATHAM** have voluntarily agreed to waive all rights to a hearing upon entry of this Order and have consented to the entry of this Order; and

WHEREAS, the Commission finds this Order necessary and appropriate in the public interest for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS, the Commission, **DEL MAR**, and **LATHAM** are desirous of settling this matter as hereafter set forth and agree to the entry of this Order.

ACCORDINGLY, IT IS HEREBY ORDERED:

1. That **DEL MAR** and **LATHAM** shall, until such time as the securities are properly registered, or an appropriate exemption from registration has been perfected, refrain from making any offers or sales of securities into, within or from the state of Alabama.

2. That in accordance with Section 8-6-19(j)(1), Code of Alabama 1975, **DEL MAR** and **LATHAM** shall pay to the State of Alabama an administrative assessment of Two-Thousand dollars (\$2,000), said funds to be tendered in certified funds contemporaneously with the entry of this Order.

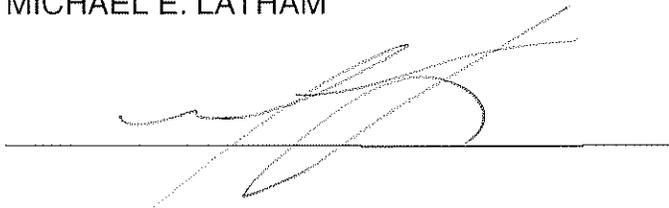
3. That in accordance with Section 8-6-19(k)(1), Code of Alabama 1975, **DEL MAR** and **LATHAM** shall pay to the Alabama Securities Commission, as partial reimbursement for the Commission's cost of investigating this matter, the sum of One-Thousand dollars (\$1,000), said funds to be tendered in certified funds contemporaneously with the entry of this Order.

4. That the entry of this Order resolves the Cease and Desist Order, Administrative Order No. CD-2008-0019, issued June 9, 2008, as it pertained to **DEL MAR** and **LATHAM**.

AGREED AND CONSENTED to on date indicated:

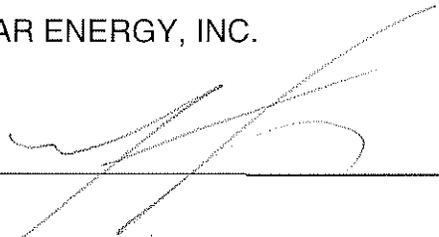
RESPONDENTS:

MICHAEL E. LATHAM



DATE: 2-3- _____, 2010 

DEL MAR ENERGY, INC.



MICHAEL LATHAM PR, CEO

(Name and Title)

DATE: 2-3, 2010 *yz*

APPROVED AND AGREED this 22nd day of February, 2010. *CS*



ALABAMA SECURITIES COMMISSION
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(334) 242-2984

BY:



J. RANDALL MCNEILL
DEPUTY DIRECTOR