STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:	)	
	)	**ADMINSTRATIVE ORDER**
PEAK ENERGY COMPANY	)	**NO. CD-2018-0022**
STEVEN PELLEGRINO	)	
MICHAEL S. WARREN	)	
TODD ALLEN	)	
	)	
	)	
RESPONDENTS	)	

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act, upon due consideration of the subject matter hereof, has determined as follows.

RESPONDENTS

1. PEAK ENERGY COMPANY ("**PEC**") is a business corporation registered with the North Dakota Secretary of State. Their principal business address listed is 150 North Michigan Company, Suite 2800, Chicago, Illinois 60601.

2. TODD ALLEN ("**ALLEN**"), at all times relevant, acted as the President and Chief Executive Officer of **PEC** with an address of 5855 West Rochelle Avenue Las Vegas, Nevada 89103.

3. STEVEN PELLEGRINO ("**PELLEGRINO**"), at all times relevant, acted as Secretary of **PEC** with an address of 2454 Ram Crossing Way Henderson, Nevada 89074.

4. MICHAEL S. WARREN ("**WARREN**"), at all times relevant, acted as an Agent for **PEC** with an address of 6920 East Fourth Street Unit 206 Scottsdale, Arizona 85251.

STATEMENT OF FACTS

5. On April 12, 2018, the Commission received information from an Alabama resident that **WARREN**, representing **PEC**, cold called him in February 2018 to offer an investment into a One Barrel ("BBL") of Oil a Day for Life investment ("1 BBL a Day for Life for a period of 30 years for a total of 10,950 barrels of oil"). The **PEC** purchase agreement signed by the Alabama resident stated that he would acquire a BBL (defined as 42 gallons) of daily oil production from a well in the Illinois Basin to be identified by **PEC**. Daily production date and the assignment of the American Petroleum Institute ("API") number would occur within 60 days once funds were received by **PEC**.

6. On February 21, 2018, the Alabama resident authorized an outgoing wire in the amount of $100,000.00 from his financial institution for the purpose of investing in **PEC's** BBL of Oil a Day for Life Program. Based upon a **PEC** PowerPoint presentation provided to the Alabama resident, the rate of return on his investment would be 24.17%, amounting to a $35,040.00 return the first year of the investment. The documentation, which was reviewed by the resident prior to the wire transfer, also stated that he would receive a total net cash flow over the period of 25 years of $863,173.00.

7. On June 14, 2018, a subpoena for **PEC** banking records was issued to Wells Fargo Bank. Based on the production of records received from Wells Fargo, records indicate **PELLEGRINO** opened the **PEC** business account on March 28, 2017 and was listed as the sole signatory and Secretary for **PEC.** On April 21, 2017, an addendum was filed adding **ALLEN** as an authorized signer on the **PEC** business account. The addendum also listed **ALLEN** as an Executive with **PEC**.

8. Further, there was no disclosure to the Alabama resident of Chapter 7 and Chapter 13 Bankruptcy filings by **ALLEN** and **PELLEGRINO.** In 2012 and 2016, **ALLEN** filed for Chapter 7 and Chapter 13, respectively. **ALLEN** is identified as the President of **PEC** in the materials received by the Alabama resident and as an Executive with **PEC** in the Wells Fargo Bank records. In 2012, **PELLEGRINO** filed for Chapter 7 Bankruptcy and is identified as the Secretary of **PEC** in the bank records received by Commission staff.

9. A review of the files of the Registration Division of the Alabama Securities Commission was conducted on October 24, 2018, disclosing no record of registration for **PELLEGRINO or ALLEN** as broker dealer agents, investment advisors, or investment advisor representatives in the state of Alabama.

10. A review of the files of the Registration Division of the Alabama Securities Commission was conducted on October 24, 2018, disclosing no record of registration for **WARREN** as a broker dealer agent, investment advisor, or investment advisor representative in the state of Alabama.

11. A review of the files of the Registration Division of the Alabama Securities Commission was conducted on October 17, 2018, disclosing no record of registration for **PEC** or any perfected exemption from registration for the offered securities, to wit: BBL a Day for Life Program (1 BBL of existing daily oil production).

CONCLUSIONS OF LAW

12. Pursuant to Section 8-6-2(10), Code of Alabama 1975, the definition of a "security" includes any " . . . certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such title or lease . . . " The daily production of oil per barrel for a PEC well, more particularly identified as "1 BBL a Day for Life," was offered and/sold by **RESPONDENTS** is therefore a security as defined by the Act.

13. Pursuant to Section 8-6-2(10), Code of Alabama 1975, the definition of a "security" includes investment contracts and profit sharing agreements. The investment contract offered and/or sold by **RESPONDENTS**, more specifically a "1 BBL a Day for Life" require the investor to invest in a common enterprise with the expectation of profits from the significant managerial efforts of PEC. Therefore, the investment contract offered and/or sold by **RESPONDENTS** constitute a security as defined by the Act.

14. Pursuant to Section 8-6-2(5), Code of Alabama 1975, the definition of "Issuer" includes every person who proposes to issue, has issued, or shall hereafter issue any security. PEC issued a security, to wit: 1 BBL a Day for Life, in Alabama and is an "issuer"

as defined by the Act.

15. Pursuant to Section 8-6-2(2), Code of Alabama 1975, the definition of "Agent" includes any individual who represents a dealer or an issuer in effecting or attempting to effect sales of securities. **WARREN** effected sales of securities on behalf of **PEC** with an Alabama resident and is an agent of **PEC** as defined under the Act.

16. 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 they are registered under the Act. By offering and selling the security issued by **PEC**, **WARREN** and **ALLEN** acted as agents in the state of Alabama without the benefit of registration in violation of the Act.

17. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any dealer or issuer to employ an agent unless the agent is registered with the Commission. **PEC** employed unregistered agents, namely **WARREN** and **ALLEN**, in violation of the Act.

18. 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 or exempt from registration under Section 8-6-10; or the transaction is exempt under Section 8-6-11. The securities offered and/or sold by **RESPONDENTS** were neither registered nor subject to a perfected exemption from registration in Alabama and were offered and sold in violation of the Act.

19. Pursuant to Section 8-6-17(a)(2), Code of Alabama 1975, it is unlawful for a person, in connection with the offer, sale or purchase of a security, to make or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading. **RESPONDENTS** failed to disclose that two of **PEC**'s corporate officers, **ALLEN** and **PELLEGRINO**, had previously filed for bankruptcy.

This Order is appropriate in the public interest for the protection of investors and consistent with the purposes of the Alabama Securities Act.

This Order does not prevent the Commission from seeking such other civil or criminal remedies that may be available to it under the Alabama Securities Act.

Additionally, if the allegations set forth herein are found to be true, through either administrative adjudication, failure of the **RESPONDENTS** to make a timely request for hearing, or default of the **RESPONDENTS**, it is the intention of the Commission to impose sanctions upon the **RESPONDENTS**. Such sanctions may include, inter alia, an administrative assessment imposed on **RESPONDENTS**, an additional administrative assessment for investigative costs arising from the investigation of the violation(s) described herein against **RESPONDENTS**, and a permanent order to bar **RESPONDENTS** from participation in any securities related industry in the state of Alabama.

ACCORDINGLY, IT IS HEREBY ORDERED that **RESPONDENTS** immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the state of Alabama

Entered at Montgomery, AL, this 21st day of November, 2018.

ALABAMA SECURITIES COMMISSION
445 Dexter Avenue Suite #12000
Montgomery, AL 36104
(334) 242-2984

BY:

JOSEPH P. BORG
Director