BEFORE THE DIVISION OF SECURITIES

OF THE DEPARTMENT OF COMMERCE

OF THE STATE OF UTAH

IN THE MATTER OF **NORTHSTAR ENERGY, INC.** **LARRY M. KOONCE;** and **PAUL M. ESPOSITO**	**NOTICE OF** **PREHEARING CONFERENCE** **Case Nos.** SD-05-0041 SD-05-0042 SD-05-0043

BY THE ADMINISTRATIVE LAW JUDGE:

This adjudicative proceeding was initiated pursuant to the issuance of an August 15, 2005 Notice of Agency Action and accompanying Order to Show Cause. The Court conducted four (4) prehearing teleconferences with Jeffrey Buckner, Assistant Attorney General representing the Division, and Craig G. Ongley, counsel for Respondents, between June 22, 2006 and September 21, 2006.

Respondents filed a December 22, 2006 motion to dismiss this proceeding. The Court scheduled the filing of remaining submissions on that motion and conducted oral argument on March 8, 2007 as to both that motion and the Division's motion for judgment on the pleadings. The Court took those motions under advisement at the close of oral argument, advising respective counsel that the Court had serious doubt as to the merits of either motion.

The Division filed a May 22, 2007 supplemental submission on the pending motions. Respondents filed a June 8, 2007 objection to that submission. The Court conducted another prehearing teleconference with respective counsel. The Court informed the parties it would receive the supplemental submission and Respondent was granted leave until August 10, 2007 to file a final reply.

The Division filed a July 27, 2007 request for a ruling on the pending motions. Respondents' reply was duly filed on August 10, 2007. Given those additional submissions, the Court conducted supplemental oral argument by teleconference on December 14, 2007 with respective counsel. The Court took the pending motions under advisement at the conclusion of oral argument.

The Division next filed a June 10, 2008 request for a ruling on the pending motions. That request included additional case law offered by the Division as to the pending motions. Respondents filed no objection or reply to that submission. The Division next submitted an August 27, 2008 request for a ruling on the pending motions.

Based on the extended prehearing history of this proceeding and the motion practice described herein, the Court concluded the additional arguments and/or case law set forth in the Division's June 10, 2008 submission should be entirely disregarded. Pursuant to an October 29, 2008 Order, the Court denied both motions.

The October 29, 2008 Order also recites the Court would conduct a prehearing

teleconference with respective counsel within ten (10) days of the mailing date of that Order. Moreover, that teleconference was to be conducted to schedule the parties' exchange of witness and exhibit lists, address the anticipated duration of the hearing and accordingly schedule that hearing.

That prehearing teleconference has not been conducted. The Court has not initiated that teleconference. Neither Mr. Buckner nor Mr. Ongley subsequently contacted the Court to prompt that teleconference. The Court later initiated a detailed report of open cases filed by the Division.

Specifically, the Court contacted Thomas Brady (Securities Analyst for the Division) in early March 2011 to inquire regarding the current status of this case. Mr. Brady referred the Court to Benjamin Johnson (Manager II for the Division), who stated there is a pending bankruptcy proceeding involving Respondents as of March 8, 2011 and Mr. Buckner was reviewing that matter.

The Court next contacted Mr. Johnson by electronic mail on July 20, 2011 to inquire as to the current status of this case. Mr. Buckner responded to that electronic mail ninety (90) minutes later. He informed the Court that the Northstar "bankruptcy was converted from Chapter 11 to Chapter 7 and is still active". Mr. Buckner also stated that the "bankruptcy stay does not stay the regulatory action".

Mr. Buckner's electronic mail to the Court also included his observation that,

pursuant to this Court's October 29, 2008 Order, "a hearing was to be set within ten days", "[N]o hearing was set" and the "Division is still waiting for that hearing". The Court sent a July 20, 2011 electronic mail to Mr. Buckner, inquiring whether Mr. Ongley has filed any notice with the Division of his withdrawal as counsel for Respondents and whether respective counsel have had any contact since the issuance of the October 29, 2008 Order.

Mr. Buckner responded to the Court by electronic mail within ten (10) minutes. He informed the Court that Mr. Ongley has not filed a withdrawal and that Mr. Buckner has not spoken with him. The Court attempted to conduct a prehearing teleconference on July 21, 2011 with respective counsel. However, the Court could not directly contact Mr. Ongley at 10:30 a.m. on that date. The Court left a message, requesting that Mr. Ongley contact the Court.

No such contact had been made by July 29, 2011. The Court again attempted to contact Mr. Ongley by a teleconference with Mr. Buckner at 3:35 p.m. on that date. Again, the Court was not able to directly contact Mr. Ongley at that time. The Court thus left another message requesting Mr. Ongley to contact the Court. No such contact has been made as of the issuance of this Notice.

Accordingly, this Notice is issued to legal counsel for both parties that the Court will conduct a prehearing conference on August 17, 2011, commencing at 9:00 a.m.

(MDT) in Room 250 (Second Floor) of the Heber M. Wells Building, 160 East 300 South, Salt Lake City, Utah. That conference will be conducted as thus scheduled on an in-person basis unless respective counsel contact the Court by telephone (801-530-6648) at 8:30 a.m. (MDT)/9:30 a.m. (CDT) on August 17, 2011 as to prompt a prehearing teleconference with respective counsel at that time.

During the prehearing conference or teleconference, as set forth herein, the Court will schedule the parties exchange of witness and exhibit lists, review the anticipated duration of the hearing to be conducted before the Securities Advisory Board and accordingly schedule that hearing. If either legal counsel for the respective parties fails to participate in the prehearing conference or teleconference, as set forth herein, the Court will entertain a motion for the entry of default in this proceeding.

Dated this 4th day of August, 2011.

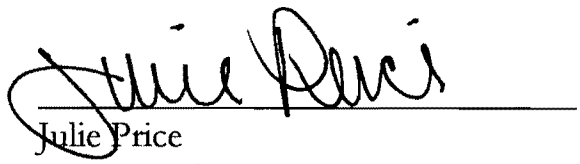
J. Steven Eklund
Administrative Law Judge
Department of Commerce

CERTIFICATE OF SERVICE

I certify that I have this day served the foregoing document on the parties of record set forth below, by delivering a copy thereof in person to, Jeff Buckner, Assistant Attorney General, Heber M. Wells Building, Second Floor, 160 East 300 South, Salt Lake City, UT; and by mailing a copy thereof, properly addressed, by both certified and first

class mail, with postage prepaid, to Craig G. Ongley, Kane, Russell, Coleman & Logan PC, 1601 Elm Street, Suite 3700, Dallas, Texas 75201.

Dated this 11th day of August 2011.



Julie Price
Executive Secretary
Division of Securities