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Attorneys for Plaintiff

**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
PAUL M. ESPOSITO**

Respondents.

STIPULATION AND CONSENT ORDER

**Docket No. SD-05-0041
Docket No. SD-05-0042
Docket No. SD-05-0043**

The Utah Division of Securities ("Division"), by and through its Director of Corporate Finance, Benjamin Johnson, and the Respondents named above hereby stipulate and agree as follows:

1. The Respondents have been the subject of an investigation by the Division into allegations that they violated the Utah Uniform Securities Act ("Act"), Utah Code Ann. §61-1-1, *et seq.*
2. On or about August 15, 2005, the Division initiated an administrative action against the Respondents by filing a Notice of Agency Action and Order to Show Cause.
3. Respondents hereby agrees to settle this matter with the Division by way of this Stipulation and Consent Order ("Order"). If entered, the Order will fully resolve all

claims the Division has against the Respondents pertaining to the August 15, 2005 Order to Show Cause.

4. Respondents admit that the Division has jurisdiction over them and the subject matter of this action.
5. Respondents waive any right to a hearing to challenge the Division's evidence and present evidence on their behalf. Respondents understand that by waiving a hearing that they are waiving the requirement that the Division prove the allegations against them by a preponderance of evidence, waiving their right to confront and cross-examine witnesses who may testify against them, to call witnesses in their own behalf, and any and all rights to appeal the findings, conclusions and sanctions set forth in this Stipulation and Consent Order.
6. Respondents have read this Stipulation and Consent Order, understand its contents, and freely and voluntarily submit to the entry of the Order. No promises or agreements have been made by the Division, nor by any representative of the Division, to induce them to enter into this Order, other than as described in this Stipulation and Consent Order.
7. Respondents are represented by attorney Craig G. Ongley and are satisfied with his advice and representation in this matter.

I. FINDINGS OF FACT

8. Northstar Energy, Inc. ("Northstar") is a Texas corporation with its principal place of business at 740 Lexington Drive, Plano, Texas. Northstar is/was an independent producer of oil and gas.

9. Larry M. Koonce (“Koonce”) and Paul M. Esposito (“Esposito”) reside in the State of Texas, and are/were the executive officers of Northstar.
10. On July 14, 2005, the Division received a Form D notice of exempt offering of securities from Suzanne W. Fallon, of Dallas, Texas, who was then the Respondents’ attorney, in connection with Northstar’s limited offering of equity for the Northstar Las Raices Multiwell Prospect Joint Venture (“Las Raices offering”).
11. According to its Form D filing, Respondents made a federal covered security notice filing pursuant to Regulation D, Rule 506 of the Securities Act of 1933.
12. According to the Form D filing, Respondents sold partnership interests to one non-accredited Utah investor for \$14,355.
13. According to Rule 506 of the Securities Act of 1933, to qualify for an exemption, offers and sales of a security must satisfy all the terms and conditions of Rules 501 and 502 of the Securities Act of 1933. Rule 502(c) states that “neither the issuer nor any person acting on its behalf shall offer or sell the securities by any form of general or general advertising.
14. The Division reviewed Northstar’s website and found the following information regarding Northstar’s Las Raices offering:
 - a. “If you are interested in our most current offering, or future offerings, and would like to know if you qualify, you can either go to our guestbook and fill in your information or you can fill out our questionnaire and fax . . . or mail it to us at the address of the bottom of this page[;]” and
 - b. “The Northstar Las Raices Prospect

Located in Webb County, Texas, this oil and gas drilling program includes four wells to be drilled inside of a currently producing field, each of the four wells will be drilled to a depth of 7,300 feet during the months of June and July 2005. Contact a Northstar associate for more info.”

15. The statements by Northstar, quoted in paragraph 14, and which appeared on its website, constitute general advertising of its limited offering.
16. On or about August 1, 2005, the Division contacted Ms. Fallon, who was then Respondents’ attorney, and gave notice of Northstar’s disqualification from a Rule 506 exemption, and requested that the website be shut down.
17. As of August 5, 2005, the website remained accessible to the public via the internet, so the Division commenced this action.

II. CONCLUSIONS OF LAW

18. The interests offered and sold by Respondents to a Utah resident fall within the definition of a security under Section 61-1-13 of the Act.
19. Section 61-1-7 of the Act prohibits the offer or sale of any security in Utah unless the security is registered under the Act, the security transaction is exempt from registration, or it is a federal covered security for which notice filing has been made pursuant to Section 61-1-15.5 of the Act.
20. The securities sold by Respondents were not registered for sale in Utah, and do not qualify for any exemptions under the Act.

21. Although Respondents properly filed a Form D with the Division giving notice of their intent to rely on Rule 506 for a limited offering exemption, Respondents disqualified the offering from exemption by advertising the offering on Northstar's website.

III. REMEDIAL ACTIONS/SANCTIONS

22. The action against Respondents Koonce and Esposito shall be dismissed. Respondent Northstar Energy neither admits nor denies the Division's findings and conclusions, but consents to the sanctions below being imposed by the Division.
23. Respondents represent that the information they have provided to the Division as part of the Division's investigation is accurate and complete.
24. Pursuant to Utah Code Ann. §61-1-20(1)(f), and in consideration of the guidelines set forth in Utah Administrative Code Rule R164-31-1, the Division imposes a fine against Respondent Northstar Energy in the amount of \$15,000.00. Payment of the fine will be suspended for a period of 5 years so long as Respondents commit no violations of securities laws in the State of Utah. After 5 years, if there are no violations of securities laws in Utah, the suspension shall be final. If the Respondents materially violate any term of this Order or commit any securities laws violations in the State of Utah within 5 years, after notice and an opportunity to be heard before an administrative office, the fine shall become immediately due and payable.
25. Respondents agree to cease and desist from violating the Utah Uniform Securities Act and to comply with the Act in all future business in this state.

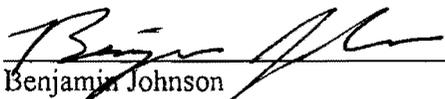
IV. FINAL RESOLUTION

39. Respondents acknowledge that this Order, upon approval by the Utah Securities Commission, shall be the final compromise and settlement of this matter. Respondents further acknowledge that if the Commission does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.
40. Respondents acknowledge that the Order does not affect any civil or arbitration causes of action that third-parties may have against them arising in whole or in part from their actions, and that the Order does not affect any criminal causes of action that may arise as a result of the conduct referenced herein. Respondents also acknowledge that any civil, criminal, arbitration or other causes of actions brought by third-parties against them have no effect, and do not bar, this administrative action by the Division against them.
41. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in any way.

Dated this 26 day of January, 2012.

Dated this 24th day of January, 2012.

Utah Division of Securities

By: 
Benjamin Johnson
Director of Corporate Finance


Larry M. Koonice
for Respondent Northstar Energy, Inc.

Paul M. Esposito
For Respondent Northstar Energy, Inc.

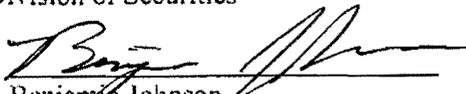
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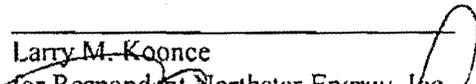
Dated this 26 day of January, 2012.

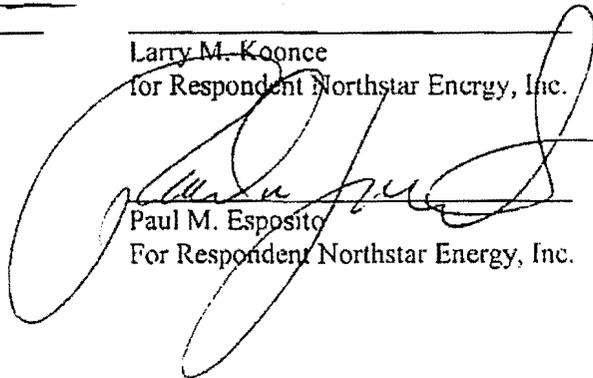
Dated this 25th day of January, 2012.

Utah Division of Securities

By:


Benjamin Johnson
Director of Corporate Finance

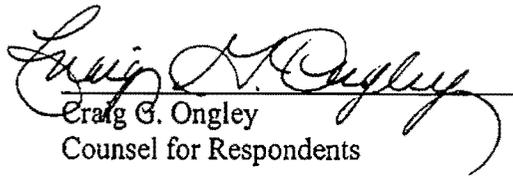

Larry M. Koonce
for Respondent Northstar Energy, Inc.


Paul M. Esposito
For Respondent Northstar Energy, Inc.

Approved:



D. Scott Davis
Assistant Attorney General



Craig G. Ongley
Counsel for Respondents

ORDER

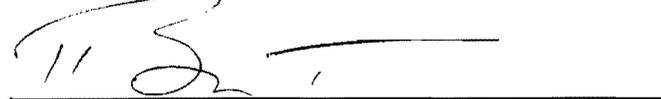
IT IS HEREBY ORDERED THAT:

1. The Division's Findings and Conclusions, which are neither admitted nor denied by the Respondents, are hereby entered.
2. The action against Respondents Larry M. Koonce and Paul M. Esposito are hereby dismissed.
3. Pursuant to Utah Code Ann. §61-1-20(1)(f), and in consideration of the guidelines set forth in Utah Administrative Code Rule R164-31-1, the Division imposes a fine against Respondent Northstar Energy in the amount of \$15,000.00. Payment of the fine will be suspended for a period of 5 years so long as Respondents commit no violations of securities laws in the State of Utah. After 5 years, if there are no violations of securities laws in Utah, the suspension shall be final. If the Respondents materially violate any term of this Order or commit any securities laws violations in the State of Utah within 5 years, after notice and an opportunity to be heard before an administrative office, the fine shall become immediately due and payable.

4. Respondents shall cease and desist from violating the Utah Uniform Securities Act and comply with the requirements of the Act in all future business in this state.

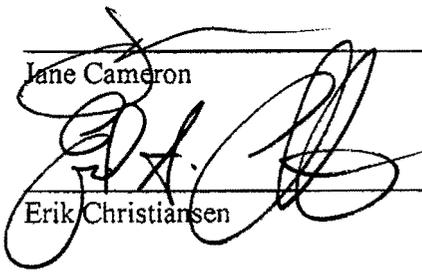
BY THE UTAH SECURITIES COMMISSION:

DATED this 22 day of March, 2012.



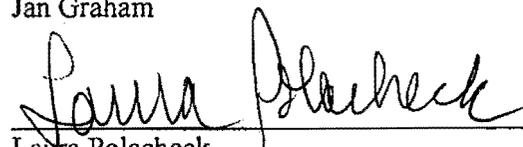
Tim Bangerter

Jane Cameron



Erik Christiansen

Jan Graham



Laura Polacheck

Certificate of Mailing

I certify that on the 20th day of March, 2012, I mailed, by certified mail, a true and correct copy of the signed and executed Stipulation and Consent Order to:

Craig G. Ongley
Attorney for Respondents
KANE RUSSELL COLEMAN & LOGAN PC
3700 Thanksgiving Tower
1601 Elm Street
Dallas, Texas 75201

7007 0720 0001 0007 7049


Executive Secretary