

**ADMINISTRATIVE PROCEEDING
BEFORE THE
MARYLAND SECURITIES COMMISSIONER**

IN THE MATTER OF:

*

North Texas Energy, Inc.

*

Docket No. 2024-0486

and

*

Kevin Lamonte Jones

*

Respondents

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* * * * *

**SUMMARY ORDER TO CEASE AND DESIST
AND
ORDER TO SHOW CAUSE**

WHEREAS, the Securities Division of the Office of the Maryland Attorney General (the “Division”), pursuant to the authority granted in section 11-701 of the Maryland Securities Act, Title 11, Corporations and Associations Article, Annotated Code of Maryland (2025 Repl. Vol.) (the “Securities Act”), undertook an investigation into the securities-related activities of North Texas Energy, Inc. (“NTE” or “Respondent NTE”) and Kevin Jones (“Jones” or “Respondent Jones”) (collectively, “Respondents”); and

WHEREAS, on the basis of that investigation, the Maryland Securities Commissioner (the “Commissioner”) found grounds to conclude that Respondent engaged in acts or practices constituting violations of the registration and antifraud provisions of the Securities Act; and

WHEREAS, on February 7, 2023, the Commissioner issued a Summary Order to Cease and Desist and Order to Show Cause (the “February 2023 Orders”), which are incorporated by reference, ordering each Respondent to immediately cease and desist from soliciting investment in, or offering or selling, securities in or from Maryland, and ordering each Respondent to show

cause why they should not be permanently barred from soliciting, or offering or selling securities in or from Maryland, or assessed a statutory penalty of up to \$5,000 per violation of the Securities Act; and

WHEREAS, the February 2023 Orders provided that the failure by a Respondent to file an answer, including a request for a hearing, within fifteen (15) days of service of the orders would result in the entry of a Final Order against that Respondent; and

WHEREAS, each Respondent failed to file an answer or a request for a hearing within fifteen (15) days of service of the February 2023 Orders; and

WHEREAS, on March 14, 2023, the Commissioner issued a Final Order, which is incorporated by reference, against the Respondents ordering them to permanently cease and desist from violating sections 11-301(2) and (3) and 11-501 of the Securities Act, permanently barring them from soliciting or offering or selling securities in or from Maryland, and assessing, jointly and severally, a civil monetary penalty of \$1,850,000 against them (hereinafter, referred to as the “Final Order”); and

WHEREAS, as discussed in detail below, Respondents have engaged in, and continue to engage in, acts in violation of sections 11-301(2) and (3) and 11-501 of the Securities Act and the Final Order; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this Summary Order to Cease and Desist and Order to Show Cause;

NOW, THEREFORE, pursuant to sections 11-301(2) and (3), 11-501, 11-701.1 and 11-801 of the Securities Act, it is hereby:

ORDERED, that each Respondent and Respondents’ principals, officers, directors, employees, agents and anyone else under Respondents’ control immediately cease and desist from

further violations of sections 11-301(2) and (3) and 11-501 of the Securities Act and the Final Order, pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. **Willful violation of any provision of the Securities Act or an order of the Commissioner is punishable as a criminal offense under section 11-705 of the Securities Act by a fine not exceeding \$50,000 or imprisonment not exceeding three years, or both.**

IT IS FURTHER **ORDERED**, that each Respondent show cause why a final order should not be issued imposing additional statutory penalties of up to \$5,000 per violation against each Respondent for each violation of the Securities Act and the Final Order, and ordering any other sanction or combination of sanctions against Respondents as permitted under section 11-701.1 of the Securities Act.

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding pursuant to sections 11-701.1 and 11-801 of the Securities Act.

II. RESPONDENTS

2. North Texas Energy, Inc., a Nevada corporation, is a public oil and gas company that, at all times relevant to this matter, has maintained a place of business in Texas. According to bank records, NTE also has maintained a PO Box in LaPlata, MD. NTE issued equity shares to investors, including Maryland investors.

3. At all times relevant to this matter, Kevin Jones has maintained a place of residence and/or business in Texas. According to bank records, Jones also maintained a place of residence in La Plata, MD. Jones is the President of NTE.

III. STATEMENTS OF FACT

On information and belief, the Commissioner alleges the following as the basis for this order.

4. On February 7, 2023, the Commissioner issued a Summary Order to Cease and Desist and Order to Show Cause ordering each Respondent to immediately cease and desist from soliciting investments in, or offering or selling, NTE's equity securities in or from Maryland, and ordering each Respondent to show cause why that Respondent should not be permanently barred from soliciting, or offering or selling securities in or from Maryland, and why a statutory penalty of up to \$5,000 per violation should not be entered against each Respondent.

5. The February 2023 Orders provided that the failure by a Respondent to file an answer, including a request for a hearing, within fifteen (15) days of service of the February 2023 Orders would result in the entry of a Final Order ordering each Respondent to permanently cease and desist from engaging in violations of the Securities Act and imposing on each Respondent the sanctions sought in the February 2023 Orders.

6. The February 2023 Orders were served on each Respondent by email on February 8, 2023 and by certified mail on February 11, 2023, but each Respondent failed to file an answer or a request for a hearing within fifteen (15) days of service of the February 2023 Orders.

7. On March 14, 2023, the Commissioner issued a Final Order against the Respondents ordering each Respondent to permanently cease and desist from violating sections 11-301(2) and (3) and 11-501 of the Securities Act, permanently barring them from soliciting or offering or selling securities in or from Maryland, and assessing, jointly and severally, a civil monetary penalty of \$1,850,000 against them.

8. To date, Respondents have not paid the civil monetary penalty imposed by the Final Order.

Oklahoma Order

9. NTE also is the subject of an order issued by the Oklahoma Department of Securities (“OK Securities Dept.”) enjoining NTE from offering and selling securities in Oklahoma.

10. On or about October 10, 2024, OK Securities Dept. filed with the District Court of Oklahoma County an Application to Enforce Compliance with an Order to File Statement and Produce Documents and Authority in Support (the “Application to Enforce”). The Application to Enforce sought to enforce OK Securities Dept.’s request that NTE produce documents in connection with OK Securities Dept.’s investigation into whether NTE offered and sold unregistered securities in Oklahoma in violation of Oklahoma securities laws.

11. On or about April 16, 2025, OK Securities Dept. filed a Motion for Default Judgment with the District Court of Oklahoma County after NTE failed to answer and defend the Application to Enforce.

12. On or about April 21, 2025, a default judgment order was issued against NTE enjoining NTE from offering or selling securities and from conducting any and all investment related activities in and/or from the State of Oklahoma.

Continued Sales in Maryland Post Final Order

13. Despite the Final Order issued on March 14, 2023, Respondents have continued to solicit investment funds from Maryland residents.

14. Bank records obtained by the Division reveal that since the issuance of the Final Order, Respondents have solicited more than \$350,000 from at least 27 investors in 45 separate

transactions. Checks written by investors often noted that they were purchasing equity shares or “stock” in NTE.

15. NTE and Jones solicited the investments without filing a registration, exemption or notice filing on behalf of the securities offering with the State of Maryland and in violation of the Final Order barring NTE and Jones from further offers and sales in Maryland.

16. Although NTE is the subject of final orders issued by two state regulators, both disqualifying events under SEC Rule 506 rules, NTE has continued to file exemption filings with the SEC under SEC Rule 506 and offer and sell securities in Maryland under an exemption no longer available to NTE.

17. Respondents failed to disclose to investors that they were offering securities under a federal exemption that is no longer available to them.

Website Misrepresentations

18. NTE has amended its website, <https://northtexasenergy.net/>, to include a section entitled “Review Disclosures”, which provides NTE investors and potential investors with updates regarding the regulatory actions taken by the Division and the OK Securities Dept.

19. The disclosures mischaracterize the actions taken by both states and misrepresent material information to investors and potential investors.

Website Disclosure Related to Maryland Regulatory Action

20. NTE posted the following disclosure on its website regarding the Division’s action (“NTE’s Maryland Disclosure”):

On September 22, 2022, North Texas Energy (NTE) received communication from the State of Maryland regarding the company’s sale of its registered securities pursuant to an effective registration dated March 31, 2013. NTE has no NEXUS in Maryland. The company has issued some of its equity securities to residents of Maryland pursuant to the *effective registration* statement in 2013 and subject to Statutory Exemptions in accord

with the provisions of Regulation D of the Securities Act.

The State of Maryland's inquiry centered on NTE not completing registration or exemption documents in accordance with the Maryland Securities Code. No assertions of fraud or any other violation were alleged. However, NTE has asserted that regardless of the State of Maryland's capricious and arbitrary claims, NTE is entitled to rely on the fact that it had only issued securities to Maryland residents subject to the Effective Registration Statement of March 2013 and subsequent [sic] claimed exemptions provided by the Securities and Exchange Commission's (SEC) Regulation. NTE asserts that their reliance on the superiority of its SEC registration and exemptions is the controlling regulation in the matter regarding the State of Maryland. The statute of limitations for actions under the Maryland Securities Act (also known as the "Blue Sky Law") is three years from the date of the alleged violation. This applies to claims under both Sections 11-503 and 11-703 of the Maryland Securities Act. Further, NTE asserts that the State of Maryland failed to act prior to the time tolled with no action initiated.

21. NTE's Maryland Disclosure falsely represents to investors and potential investors that NTE has no NEXUS in Maryland when, in fact, Respondents have offered and sold hundreds of thousands of NTE shares to Maryland investors. Additionally, Jones has resided in Laurel, Maryland and has met with investors in the State of Maryland and NTE has maintained a PO Box address in Maryland.

22. NTE's Maryland Disclosure also misrepresents the nature of the Division's investigation and the orders issued against Respondents.

23. NTE's Maryland Disclosure falsely states that the Division's orders made no allegations of fraud when, in fact, the orders concluded that NTE and Jones violated sections 11-301(2) and (3) of the Securities Act by making untrue statements and engaging in a course of business that operated as a fraud or deceit on a person in connection with the offer, sale or purchase of securities.

24. NTE's Maryland Disclosure also falsely represents that NTE's reliance on filings made with the Securities and Exchange Commission preclude NTE from having to make filings

with or otherwise comply with provisions under the Securities Act. The filings required to be made with the Division under the Securities Act are consistent with, and specifically provided for under, federal law, and Respondents failed to make the filings required under the Securities Act.

25. Finally, NTE's Maryland Disclosure falsely represents that the Division is subject to the three-year statute of limitations that is applicable to civil lawsuits brought by investors. The action brought by the Division against Respondents was neither subject to nor barred by a statute of limitations.

Website Disclosure Related to Oklahoma Regulatory Action

26. NTE and Jones also misrepresent the regulatory action taken by the OK Securities Dept. in the statement posted to NTE's website ("NTE's Oklahoma statement"). In the statement, NTE and Jones represents that the "State of Oklahoma Department of Securities, lacking any probative evidence that the activities had occurred, conceded that the matter was closed."

27. However, NTE's Oklahoma statement fails to disclose that, as discussed above, on or about April 21, 2025, the District Court of Oklahoma County issued a default judgment order enjoining NTE from offering or selling securities and from conducting any and all investment related activities in and/or from the State of Oklahoma.

28. Despite the order issued by the District Court of Oklahoma County, bank records show that NTE offered and sold shares of NTE's stock to at least one Oklahoma investor in April 2025.

COUNTS I and II (Offer and Sale of Unregistered Securities and Fraud in Connection with the Offer and Sale of Securities – sections 11-301(2) and (3) and 11-501)

WHEREAS, section 11-501 of the Securities Act makes it unlawful for any person to offer or sell a security in this State unless the security is registered, is exempt from registration under the Securities Act, or is a federal covered security; and

WHEREAS, section 11-101(s) of the Securities Act defines “security” to include any stock, evidence of indebtedness, participation in a profit sharing agreement, investment contract, certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under the title or lease, or any interest or instrument commonly known as a “security”; and

WHEREAS, sections 11-301(2) and (3) of the Securities Act make it unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly, to make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit on any person; and

WHEREAS, as described in this Order, subsequent to the issuance of the Final Order on March 14, 2023, Respondents continued to solicit Maryland investors to invest in equity shares issued by Respondent NTE; and

WHEREAS, since the issuance of the Final Order, Respondents have solicited more than \$350,000 from at least 27 Maryland investors in forty-five separate securities transactions; and

WHEREAS, the securities issued by NTE are not registered with the Division, and a claim of exemption from registration has not been filed with respect to NTE’s securities offerings; and

WHEREAS, a claim that the securities are federal covered securities has not been filed with respect to NTE’s securities offerings; and

WHEREAS, NTE's securities offerings are disqualified from relying upon Rule 506(b) and (c) of Regulation D because Respondents are the subject of a Final Order issued by the Securities Commissioner barring them from soliciting, or offering or selling securities in or from Maryland; and

WHEREAS, Respondents have violated section 11-501 of the Securities Act by offering and selling unregistered securities in Maryland; and

WHEREAS, Respondents failed to disclose to investors that Respondents were barred from soliciting, or offering or selling, securities in Maryland; and

WHEREAS, Respondents failed to disclose to investors that they were offering shares in NTE in violation of state and federal securities laws; and

WHEREAS, as detailed in this Order, Respondents' website which is publicly available to investors and potential investors makes multiple material misrepresentations about the regulatory actions brought by the Division and the OK Securities Dept.; and

WHEREAS, Respondents have violated sections 11-301(2) and (3) of the Securities Act by making material misrepresentations or omitting to state material facts in connection with the offer and sale of securities; and

NOW, THEREFORE, IT IS HEREBY **ORDERED** that each Respondent and that Respondent's officers, directors, employees, agents and anyone else involved in the offer or sale of securities in or through that Respondent, immediately cease and desist from soliciting investment in, or offering or selling, securities in or from Maryland and making material misrepresentations, or omitting to state, material facts, in violation of sections 11-501 and 11-301(2) and (3) of the Securities Act, pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. Willful violation of this Order is punishable as a

criminal offense under section 11-705 of the Securities Act by a fine not exceeding \$50,000 or imprisonment not exceeding three years, or both.

IT IS FURTHER **ORDERED** that each Respondent show cause why a final order should not be issued against that Respondent imposing additional statutory penalties of up to \$5,000 per violation of sections 11-501 and 11-301(2) and (3) of the Securities Act, and ordering any other sanction or combination of sanctions against that Respondent as permitted under section 11-701.1 of the Securities Act.

COUNT III
(Failure to Comply with Final Order)

WHEREAS, section 11-701.1 of the Securities Act provides that whenever the Commissioner determines after notice and a hearing that a person has engaged in any act or practice constituting a violation of any provision of the Securities Act or any rule or order under the Securities Act, the Commissioner may initiate a proceeding seeking any sanction authorized under the Securities Act; and

WHEREAS, on March 14, 2023, the Commissioner issued a Final Order against the Respondents ordering them to permanently cease and desist from violating sections 11-301(2) and (3) and 11-501 of the Securities Act, permanently barring them from soliciting or offering or selling securities in or from Maryland, and assessing, jointly and severally, a civil monetary penalty of \$1,850,000 against them; and

WHEREAS, as detailed in this order, Respondents violated the Final Order by failing to pay the monetary civil penalty imposed against them and by continuing to engage in acts constituting violations of sections 11-301(2) and (3) and 11-501 of the Securities Act; and

THEREFORE, IT IS **ORDERED** that Respondents show cause why a statutory penalty of up to \$5,000 per each violation of the Securities Act should not be entered against them.

**REQUIREMENT OF ANSWER AND
NOTICE OF OPPORTUNITY FOR HEARING**

IT IS FURTHER **ORDERED**, pursuant to section 11-701.1 of the Securities Act and the Code of Maryland Regulations, COMAR 02.02.06.06, that each Respondent shall file with the Commissioner a written Answer to this order within fifteen days of service of the order. The Answer shall admit or deny each factual allegation in the order and shall set forth affirmative defenses, if any. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

The Answer also shall indicate whether the Respondent requests a hearing. A hearing will be scheduled in this matter if one is requested in writing. Failure by a Respondent to file a written request for a hearing in this matter shall be deemed a waiver by that Respondent of the right to such a hearing. Failure of a Respondent to file an Answer, including a request for a hearing, shall result in entry of a final order:

- (a) imposing on that Respondent a monetary penalty of up to \$5,000 per violation of the Securities Act; and
- (b) ordering any other sanction or combination of sanctions against that Respondent as permitted under section 11-701.1 of the Securities Act.

SO ORDERED:

**Commissioner's Signature on File
w/Original Documents**

March 19, 2026

Melanie Senter Lubin
Maryland Securities Commissioner