

**STATE OF ILLINOIS  
SECRETARY OF STATE  
DEPARTMENT OF SECURITIES**

**IN THE MATTER OF: Stephen Wayne Walker.**

**File No. 0700019**

**CONSENT ORDER**

**TO RESPONDENT:** Stephen Wayne Walker  
CRD# 725588  
4412 39<sup>th</sup> Ave.  
Rock Island, IL 61201

**TO RESPONDENT'S  
ATTORNEY:** John C. Legutki  
Attorney at Law  
53 W. Jackson Boulevard - Suite 920  
Chicago, Illinois 60604

WHEREAS, Respondent Stephen Wayne Walker ("Respondent") executed a stipulation to enter consent order ("Stipulation") that is incorporated by reference into this order.

WHEREAS, by means of the Stipulation, Respondent, without admitting or denying the allegations of fact and law contained paragraph 8 of this Stipulation, has admitted he was properly served with notice of the hearings scheduled in this proceeding; has admitted the Illinois Secretary of State has personal jurisdiction over him and jurisdiction over the subject-matter of this proceeding; and has consented to entry of this order.

WHEREAS, the Secretary of State finds that the Secretary has personal jurisdiction over the Respondent because the Illinois Securities Department of the Office of the Secretary of State properly served the Respondent with the Notice of Hearing dated October 23, 2007, and the Amended Notice of Hearing dated May 15, 2008, in this proceeding, in accordance with Section 11.F(1) of the Illinois Securities Law of 1953, as amended ("Act").

WHEREAS, the Secretary of State has jurisdiction over the subject-matter of the allegations in the Amended Notice and this order, in accordance with Sections 8.E(1)(g); 12.F and G; 2.1, 2.5, and 2.5(a); and 11.E(2) and E(4) of the Act. 815 ILCS 5/8.E(1)(g);12.F and G; 2.1, 2.5, and 2.5(a); and 11.E(2) and E(4).

WHEREAS, the Secretary of State makes the following findings of fact:

**FINDINGS OF FACT**

1. Respondent Stephen Walker ("Respondent") is an individual whose address is 4412 39<sup>th</sup> Ave., Rock Island, IL 61201.
2. Respondent was registered with the Secretary of State from August 19, 1999, through July 2007, as an investment adviser representative, with a broker-dealer then known as Linsco/Private Ledger Corp. ("Linsco"), whose principal place of business was One Beacon Street - 22<sup>nd</sup> Floor, in Boston, Massachusetts. Effective January 9, 2008, Linsco changed its name to LPL Financial Corporation.
3. Respondent was registered with the Secretary of State as a securities salesperson from August 19, 1999, to July of 2007, with Linsco.
4. Respondent conducted business as an investment adviser representative and securities salesperson for Linsco in a Linsco branch office located at 201 W. Third Street in Sterling, Illinois.
5. Aspen Exploration, Inc. ("Aspen"), is a Texas company whose principal place of business from at least as early as August 19, 1999, through at least as late as July 2007, was 2901 Dallas Parkway - Suite 380, in Plano, Texas.
6. Beginning in October 2005, Respondent offered Illinois and Wisconsin investors participations in an oil and gas-drilling project initiated by Aspen known as Rancho Blanco State #5.
7. Beginning in October 2005, Respondent sold Illinois and Wisconsin investors participations in Rancho Blanco State #5 in or from Sterling, Illinois.
8. Beginning in April 2006, Respondent offered Illinois and Wisconsin investors participations in an oil and gas-drilling project initiated by Aspen known as Rancho Blanco State #6.
9. Beginning in April 2006, Respondent sold Illinois and Wisconsin Investors participations in Rancho Blanco State #6.
10. Beginning in April 2006, Respondent offered Illinois and Wisconsin investors participations in an oil and gas-drilling project initiated by Aspen known as Rancho Blanco State #7.
11. Beginning in April 2006, Respondent sold Illinois and Wisconsin investors participations in Aspen's Rancho Blanco State #7.
12. None of Respondent's sales of the participations in the oil and gas-drilling project initiated by Aspen to the Illinois and Wisconsin Investors were recorded on the books of Linsco.

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13. That Investor KS, an Illinois resident, was a Linsco client of Respondent.
14. From March of 2006 through October of 2006, Respondent offered Investor KS participations in Rancho Blanco State #5, Rancho Blanco State #6, and Rancho Blanco State #7, each initiated by Aspen.
15. From March of 2006 through October of 2006, Respondent sold Investor KS participations in Rancho Blanco State #5, Rancho Blanco State #6, and Rancho Blanco State #7.
16. That on September 14, 2006, Respondent assisted in arranging a meeting for the purpose of having Aspen's chief executive officer inform investors in Rancho Blanco #5, #6, and #7 of a potential buy-out by a third party of their respective interests.
17. That Respondent was present throughout the entire meeting on September 14<sup>th</sup>, 2006.
18. That Investor LK, a Wisconsin resident, was a Linsco client of Respondent in August of 2006.
19. That from June of 2006 through December of 2006, Respondent offered Investor #1 participations in Rancho Blanco State #5, Rancho Blanco #6 and Rancho Blanco #7, each initiated by Aspen.
20. That from June of 2006 through December of 2006, Respondent sold Investor LK, a resident of Wisconsin, participations in Rancho Blanco State #5, Rancho Blanco State #6, and Rancho Blanco State #7 in or from Sterling, Illinois.
21. That Investor KN attended the meeting on September 14, 2006.
22. That at the end of the meeting Respondent approached Investor LK and advised him to meet Respondent at his investment adviser representative and securities salesperson office located at 2040 Weldon Road in Sterling, Illinois.
23. That on September 14, 2006, in Respondent's Sterling, Illinois, office, Respondent advised Investor LK to liquidate all of LK's assets held at Linsco and to use those funds to purchase units of Rancho Blanco #7.
24. That Investor LK and other Linsco customers who were residents of Illinois, on the advice of Respondent, liquidated their assets in Linsco in order to purchase interests in Rancho Blanco #7.
25. That Respondent was compensated by Aspen for selling Illinois and Wisconsin investors participations in Aspen's oil and gas drilling projects.

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26. That on June 28, 2006, Frank R. Kitchell named Aspen and Greg Rand as defendants in a suit filed in federal court in Texas. Kitchell stated in his complaint that he had purchased from Aspen a \$2.7 million oil and gas interest in Rancho Blanco No. 2 and other wells.
27. That Kitchell's complaint also states that his purchases were made in reliance on misrepresentations made by Aspen Exploration and Greg Rand.
28. That on July 11, 2006, Frank Y. Takahashi filed a lawsuit in federal court in Texas naming Aspen and Greg Rand as defendants.
29. That Takahashi's complaint alleged that he had purchased a 4.5% working interest in an oil and gas well in DeWitt County, Texas, named the Shaffer #1 well.
30. That Takahashi alleged in his complaint that the sale to Takashi of the interest in the Shaffer #1 well was in violation of the Texas Securities Act and in violation of Section 10(b) of the Federal Securities Exchange Act and SEC Rule 10b-5.
31. That on June 25, 2004, Integrated Production Services, Inc., filed a lien against Aspen for services performed and for materials and equipment furnished under contract with Aspen, in connection with operations conducted by Aspen on oil or gas wells identified as Rancho Blanco Corporation State Well #2 and Rancho Blanco Corporation State Well #3.
32. That the lien claimed \$177,130.78, plus interest, against all oil, gas and mineral leasehold estates owned by Aspen and identified as Rancho Blanco Corporation State Well #2 and Rancho Blanco Corporation State Well #3.
33. That on June 15, 2004, Jack Rettig, managing member of Professional Wireline Rentals, filed a lien against Aspen for services performed and for materials and equipment furnished under contract with Aspen, in connection with operations conducted by Aspen Exploration on oil or gas wells identified as Rancho Blanco Corporation State Well #3.
34. That the lien claimed \$63,102.64, plus interest, against all oil, gas and mineral leasehold estates owned by Aspen and identified as Rancho Blanco Corporation State Well #3.
35. That on March 22, 2005, Tubular Technology filed a lien against Aspen for services performed and for materials and equipment furnished under contract with Aspen, in connection with operations conducted by Aspen on oil or gas wells identified as Rancho Blanco Corporation State Well #4.
36. That the lien claimed ~~\$31,1346.41, plus interest, against all oil, gas and mineral leasehold~~ estates owned by Aspen and identified as Rancho Blanco Corporation State Well #4.
37. That on November 30, 2005, Coil Tubing Services, LLC, claimed a lien against Aspen for services performed and for materials and equipment furnished under contract with Aspen in

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connection with operations conducted by Aspen on oil or gas wells identified as Rancho Blanco Corporation State Well #4.

38. That the lien claimed \$45,032.64, against all oil, gas and mineral leasehold estates owned by Aspen and identified as Rancho Blanco Corporation State Well #4.
39. That on February 13, 2006, Coil Tubing Services, LLC, filed suit against Aspen to enforce the lien for services performed and for materials and equipment furnished under contract with Aspen in connection with operations conducted by Aspen on oil or gas wells identified as Rancho Blanco Corporation State Well #4.
40. Respondent was aware or should have been aware of the lawsuits and liens described above before he offered and sold the Illinois and Wisconsin investors the participations in the Aspen oil and gas wells described above.
41. That at no time did Respondent ever disclose to the Illinois and Wisconsin investors all of the risks involved with investing in the securities that Respondent offered and sold the Illinois and Wisconsin investors.
42. That specifically, Respondent did not disclose at the time of the sales to the Illinois and Wisconsin investors that:
  - a. That the creditors identified above had filed liens against Aspen for services performed and for materials and equipment furnished under contract with Aspen in connection with operations conducted by Aspen on oil or gas wells.
  - b. That Aspen was a party to pending litigation in which one of the creditors filed suit against Aspen to enforce a lien for services performed and for materials and equipment furnished under contract with Aspen in connection with operations conducted by Aspen on oil or gas wells.
  - c. That Aspen was a party to pending litigation in which the two investors described above were alleging that Aspen and Greg Rand had engaged in fraudulent activity in connection with the sale of oil and gas interests to investors.
43. The Schedule which is incorporated by reference into this order lists the Illinois and Wisconsin investors whom Respondent offered and sold securities described in this order.
44. At all times relevant to this order, Respondent's investment adviser representative and securities salesperson office in Sterling, Illinois, and his communications using the electronic-mail address assigned for Linsco business should have been subject to monitoring for compliance by Linsco, in accordance with Sections 8.E(1)(e) and (f) of the Act, and Linsco's own rules.

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45. When Investor BH, a resident of Illinois, met with Respondent in the fall of 2004 or 2005, at Respondent's investment adviser representative and securities salesperson office in Sterling, Illinois, together with six other Illinois investors, Respondent showed the investors large colored drilling records, and other documents regarding Aspen wells.
46. At all times relevant to this order, Respondent used several electronic-mail addresses, some to conduct business for Linsco, and others for other purposes. The electronic-mail addresses Walker used for Linsco business was swalker@gcvt.com and swalker@lpl.com.
47. Respondent used his swalker@gcvt.com business electronic-mail address to make and receive communications about investing in Aspen oil and gas drilling projects.
48. On May 12, 2006, at 9:43 a.m., Respondent used his swalker@gcvt.com business electronic-mail address to send an e-mail to a person with the e-mail address farmerzuidy@yahoo.com, with an attachment labeled "aspen consulting agreement."
49. On August 3, 2006, at 12:06 p.m., Respondent received a carbon copy of an e-mail through his swalker@gcvt.com business electronic-mail address from Daniel Vejman, the vice president of sales and marketing for Aspen. The e-mail was addressed to Investor #2.
50. In the August 3, 2006 e-mail, Vejman wrote: "I just talked to Mr. Steve Walker and here is the information you requested." The e-mail also included wire information for Aspen's bank account with Plains Capital Bank with the account name "Aspen Exploration Inc - Rancho Blanco #7."
51. On April 12, 2007, at 12:25 p.m., Respondent received an email through his swalker@gcvt.com business electronic-mail address from Investment Trend Analytics, LLC, that included a list of investors in Aspen Exploration's Rancho Blanco #5 and the amounts of money each investor invested in the company.
52. Section 12.F of the Illinois Securities Law of 1953, as amended ("Act"), provides it is a violation of the Act for any person to engage in any transaction, practice, or course of business in connection with the sale or purchase of securities that works or tends to work a fraud or deceit upon the purchaser of the securities.
53. Respondent violated Section 12.F of the Act when he failed to disclose the lawsuits and liens against Aspen Exploration, Inc., at the time of the sales to the Illinois and Wisconsin investors described in this order.
54. Section 12.G of the Act provides it is a violation of the Act for any person to obtain money or property through the sale of securities by means of any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

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55. Respondent violated Section 12.G of the Act when he obtained money from Aspen Exploration, Inc., through the sale of the securities to Illinois and Wisconsin investors described in this order by means of omitting material facts about the lawsuits and liens against Aspen in order to make the statements he made about Aspen, in the light of the circumstances under which they were made, not misleading.

**CONCLUSIONS OF LAW**

1. The Illinois Secretary of State has personal jurisdiction over Respondent. The Illinois Securities Department of the Office of the Secretary of State properly served the Respondent with the Notice of Hearing dated October 23, 2007, and the Amended Notice of Hearing dated May 15, 2008, in this proceeding, in accordance with Section 11.F(1) of the Illinois Securities Law of 1953, as amended ("Act"). 815 ILCS 5/11.F(1).
2. The Secretary of State has subject-matter jurisdiction over the allegations in the Amended Notice and this order, in accordance with Sections 8.E(1)(g); 12.F and G; 2.1, 2.5, and 2.5(a); and 11.E(2) and E(4) of the Act. 815 ILCS 5/8.E(1)(g); 12.F and G; 2.1, 2.5, and 2.5(a); and 11.E(2) and E(4). 815 ILCS 5/8.E(1)(g); 12.F and G; 2.1, 2.5, and 2.5(a); and 11.E(2) and E(4).
3. Respondent's activities described in the Findings of Fact involved the offer and sale of oil and gas interests that are securities, as the terms "offer and sale" and "security" are defined in Sections 2.1, 2.5, and 2.5a of the Act.
4. Respondent violated Section 12.F of the Act when he failed to disclose the lawsuits and liens against Aspen Exploration, Inc., at the time of the sales of securities to the Illinois and Wisconsin investors described in this order.
5. Respondent violated Section 12.G of the Act when he obtained money from Aspen Exploration, Inc., through the sale of the securities to Illinois and Wisconsin investors described in this order by means of omitting material facts about the lawsuits and liens against Aspen in order to make the statements he made about Aspen, in the light of the circumstances under which they were made, not misleading.

**NOW, THEREFORE, IT IS HEREBY ORDERED THAT:**

1. Respondent Stephen Walker's registrations as securities salesperson and investment adviser representative in Illinois are revoked.
2. Respondent Walker is permanently prohibited from offering or selling any securities, any mineral investment contract, or any mineral deferred delivery contract in Illinois, and from engaging in the business of selling or offering securities for sale, or acting as an

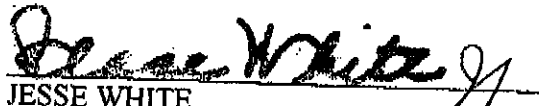
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investment adviser, investment adviser representative, or federal covered investment adviser in Illinois.

3. The hearing in this proceeding scheduled to commence on January 19, 2010, is removed from the hearing calendar.

Entered this 1st day of February, 2010.

  
JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:  
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NOTICE TO RESPONDENT: Failure to comply with the terms of this order shall constitute a violation of Section 12.D of the Illinois Securities Law of 1953. Any person or entity failing to comply with the terms of this order and having knowledge of the existence of this order, shall be guilty of a Class 4 felony. 815 ILCS 5/12.D; and 5/14.A.

This is a final order and is subject to judicial review under the Administrative Review Law, in accordance with Section 11.H of the Illinois Securities Law of 1953, and the Illinois Administrative Code. 735 ILCS 5/3-101 *et seq.*; 815 ILCS 5/11.H; and 14 Ill. Admin. Code 130.1123.

Any action for judicial review of this order must be commenced within 35 days from the date a copy of this order was served by U.S. mail upon the party seeking review, in accordance with Section 103 of the Administrative Review Law. 735 ILCS 5/3-103.