

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: HUGHES ENERGY, INC.,)
ITS OFFICERS, DIRECTORS,)
EMPLOYEES, AGENTS,) File Number 0500536
AFFILIATES, SUCCESSORS)
AND ASSIGNS AND CARL E. ROYSE)
AND BRADLEY K. CLARK)
)

ORDER OF PROHIBITION

TO THE RESPONDENT: Bradley K. Clark
215 SE 3rd St.
Fairfield, Illinois 62837

WHEREAS, the record of the above-captioned matter has been reviewed by the Secretary of State or his duly authorized representative;

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State;

WHEREAS, the proposed Findings of Facts and Conclusions of Law and Recommendation of the Hearing officer, John K. Ellis, in the above-captioned matter have been read and examined; and

WHEREAS, the proposed Findings of Fact are correct and are adopted by the Secretary of State as follows:

1. The pleading and Exhibits have been offered and received from the Department and a proper record of all proceedings has been made and preserved as required by law.
2. The Hearing Officer has ruled on all motions and objections timely made and submitted.
3. The Hearing Officer and the Secretary of State Securities Department have jurisdiction over the parties

Order of Prohibition

-2-

herein and the subject matter dealt with herein, due and proper notice having been previously given as required by statute in these matters.

4. As no Answer was filed, the Respondent is therefore deemed to be in default.
5. Hughes Energy, Inc. is an Illinois registered corporation incorporated in Illinois on July 11, 2003.
6. Bradley K. Clark ("Clark") during the relevant time period was the Vice President of Operations of Hughes Energy, Inc.
7. That from on or about January 2005 through January 2006 Hughes Energy, Inc. offered and sold, to at least 4 investors Units of Participation in oil well leases representing a 1/32 royalty interest in oil wells to be drilled and operated by Hughes Energy, Inc raising approximately \$262,500 from these 4 investors.
8. That Clark communicated orally with investors and offered and sold the above referenced interests to all four of the investors.
9. Clark omitted to disclose to investors the following material fact that in December 1992, Bradley Clark was prohibited by the Wisconsin Securities Commissioner from offering and/or selling securities due to his offer and sale of unregistered securities in violation of the Wisconsin Securities Act;
10. That the above-referenced interests are securities as that term is defined pursuant to Section 2.1 of the Illinois Securities Law [815 ILCS 5/1 et seq.] (the "Act").
11. That Section 5 of the Act provides, inter alia, that all securities except those set forth under Section 2a, or those exempt under Section 3, or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois.

Order of Prohibition

-3-

12. That at all times relevant hereto, the interests issued by Hughes Energy, Inc. to investors were not registered with the Secretary of State pursuant to Section 5 of the Act prior to their offer or sale in the State of Illinois.
13. That Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to offer or sell any securities except in accordance with the provisions of the Act.
14. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document required to be filed under any provision of the Act.
15. That Section 12.G of the Act provides, inter alia, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made in light of the circumstances under which they were made, not misleading.
16. That at all times relevant hereto, Bradley K. Clark failed to file an application for registration of the above referenced securities with the Secretary of State prior to their offer or sale in the State of Illinois.
17. That by virtue of the foregoing, Bradley K. Clark has violated Sections 12.A, 12.D and 12.G of the Act.
18. That Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsection D or G of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State.

Order of Prohibition

-4-

19. That Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act.
20. That by virtue of the foregoing, Bradley K. Clark is subject to a fine of up to \$10,000.00 per violation and an order which permanently prohibits the Respondent from offering or selling securities in the State of Illinois.
21. The entry of a final Order of permanent Prohibition is proper in this Matter, given the conduct of the Respondent as described in the Pleading and Secretary of State Exhibit Nos.1-9.

WHEREAS, the proposed Conclusions of Law are correct and are adopted by the Secretary of State as follows:

1. After proper notification, the Department may proceed with a hearing in Respondent's absence. Significantly, the Notice of Hearing outlines that a default judgment may be entered against a Respondent who fails to appear or answer the charges.
2. The actions, representations, and/or omissions of the Respondent made in connection with the failure to offer or sell any security in accordance with the provisions of the Act are violations of Section 12.A of the Act. The actions, representations, and/or omissions of the Respondent made in connection with the failure to file required documents with the Secretary of State are violations of Section 12.D of the Act. The actions, representations, and/or omissions of the Respondent which were untrue or misleading of material facts and were made to obtain money from Illinois purchasers are violations of Section 12.G of the Act.
3. By virtue of the foregoing the Respondent is subject to an Order of permanent Prohibition, a fine and a public censure in the State of Illinois and/or

Order of Prohibition

-5-


granting such other relief as may be authorized under the Act.

4. Because of the Findings of this Order, the Pleadings and the Exhibits as admitted as Secretary of State Exhibit Nos. 1-9, the Respondent is subject to the entry of a final written Order that permanently prohibits the Respondent pursuant to Section 11.E(2) of the Act from offering or selling securities in the State of Illinois, and grants such other relief as may be authorized under the Act.

WHEREAS, the proposed Recommendation of the Hearing Officer is adopted by the Secretary of State;

NOW THEREFORE IT IS HEREBY ORDERED: That pursuant to the foregoing Findings of Fact, Conclusions of Law, and the Recommendation of the Hearing Officer: The Respondent is permanently prohibited from offering or selling securities in the State of Illinois.

ENTERED: This 25th day of May, 2007

Jesse White 
JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Illinois Securities Law of 1953, as amended, 815 ILCS 5/1 et seq. (the "Act"). Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, 735 ILCS 5/3-101 et seq. and the Rules and Regulations of the Act (14 Ill. Admin. Code, Ch. I, Sec. 130.1123). Any action for judicial review must be

Order of Prohibition

-6-

commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

Attorney for the Secretary of State:

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