

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

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IN THE MATTER OF: **THREE STAR DRILLING** )  
**AND PRODUCING COMPANY and** )  
**SUNNY INVESTMENTS BROKERAGE FIRM** )  
**and their partners, members, officers** )  
**and directors, agents, employees, affiliates, successors and assigns.** )  
\_\_\_\_\_

No.1100353

**NOTICE OF HEARING**

**TO RESPONDENTS:**      **Three Star Drilling and Producing Company**  
                                 **201 S. Christy Street**  
                                 **Sumner, Illinois 62466**

**And**

**Sunny Investment Brokerage Firm**  
**8939 S. Sepulveda Boulevard**  
**Suite 210**  
**Los Angeles, California 90045**

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 4th day of February, 2015 at the hour of 10:00 a.m. or as soon thereafter as possible before James Kopecky, Esq. or such other designated Hearing Officer as the Secretary of State may appoint.

Said hearing will be held to determine whether a permanent Order shall be entered prohibiting Respondents **Three Star Drilling and Producing Company and Sunny Investment Brokerage Firm** and their partners, members, officers and directors, agents and employees, affiliates, successors and assigns from offering or selling securities in or from the State of Illinois and/or granting such other relief as may be authorized under the Act, including but not limited to, the imposition of a monetary fine in the maximum amount pursuant to Sec. 11.E(4) of the Act, payable within ten (10) days of the Order.

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The grounds for such proposed action are as follows:

1. Respondent Three Star Drilling and Producing Company (hereinafter at times "Three Star" or together with Sunny Investment Brokerage Firm "Respondents") at all times relevant herein had an address of 201 S. Christy Street, Sumner, Illinois 62466, and was offering for sale working interests ("Units") in an oil and gas drilling project called the Siggins Phase I prospect in Cumberland, Illinois ("Program").
2. Respondent Sunny Investment Brokerage Firm (hereinafter at times "Sunny" or together with Three Star "Respondents") at all times relevant herein had an address of 8939 S. Sepulveda Boulevard, Suite 210, Los Angeles, California 90045, and was offering for sale the Units in the Program on behalf on Three Star.
3. Between the period of March 1, 2011 and May 31, 2011 at least one representative of Respondents cold-called at least one Illinois resident ("Investor") and offered for sale Units in the Program at a price of \$40,000 per Unit.
4. On March 22, 2011 the Investor purchased one Unit and paid Respondents \$40,000.
5. On May 19, 2011 the Investor purchased another 1.75 Units and paid Respondents \$60,000.

### FAILURE TO REGISTER SECURITIES

6. Respondents never registered the working interests/Units with the Illinois Securities Department.
7. The activities in paragraphs 3, 4 and 5 constitute the offer and sale of oil and gas working interests and are therefore a security as those terms are defined in Section 2.1, 2.5 and 2.5a of the Illinois Securities Act of 1953 [815 ILCS 5] (the "Act").
8. Section 5 of the Act provides, *inter alia*, that "all securities except those set forth under Section 2a of this Act...or those exempt...shall be registered ...prior to their offer or sale in this State."
9. Respondents failed to file an application with the Secretary of State to register the stock as required by the Act, and as a result the Notes were not registered as such prior to their offer or sale in the State of Illinois.
10. Section 12.A of the Act provides, *inter alia*, that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.
11. Section 12.D of the Act provides, *inter alia*, that it shall be a violation for any person "to fail to file with the Secretary of State any application, report or

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document, required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.”

12. By virtue of the foregoing Respondents Three Star and Sunny violated Sections 12.A and 12.D of the Act.

**FAILURE TO REGISTER AS DEALER**

13. “Dealer” means *inter alia*, “any person who engages in this State in the business of offering, selling, buying and selling, or otherwise dealing or trading in securities issued by another person” as defined in Section 2.7 of the Illinois Securities Act of 1953 [815 ILCS 5] (the “Act”).
14. The activities Respondent Sunny Investment Brokerage Firm described in paragraphs 2 through 5 above constitute acting as a dealer in the State of Illinois.
15. Section 8.A of the Act provides, *inter alia*, that “except as otherwise provided in this subsection A, every dealer shall be registered with the Secretary of State”.
16. Respondent Sunny failed to file an application with the Secretary of State to register as a dealer as required by the Act, and as a result Respondent Sunny was not registered as such prior to acting as a dealer in the State of Illinois.
17. Section 12.C of the Act provides, *inter alia*, that it shall be a violation of the Act “for any person to act as a dealer unless registered as such, where such registration is required, under the provisions of this Act.”
18. Section 12.D of the Act provides, *inter alia*, that it shall be a violation for any person “to fail to file with the Secretary of State any application, report or document, required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.”
19. By virtue of the foregoing Respondent Souny violated Sections 12.C and 12.D of the Act.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the “Rules”), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

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Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

The Rules promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Securities Department may be viewed online at <http://www.cyberdriveillinois.com/departments/securities/lawrules.html>.

Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 4<sup>th</sup> day of December 2014.



JESSE WHITE  
Secretary of State  
State of Illinois

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