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Texas State Securities Board

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JACK D. LADD
MEMBER

Phone: (512) 305-8300
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BRYAN K. BROWN
MEMBER

IN THE MATTER OF
ALLIED ENERGY GROUP, ALLIED
SYNDICATIONS, INC., CHAUER
FREDRICKSBURG PROSPECT,
RICHARD UNDERWOOD AKA RICK
UNDERWOOD AKA RIC
UNDERWOOD, RAY SPAGNUOLO
AKA RAY H. SPAGNUOLO AKA
HARVEY R. SPAGNUOLO AKA H. RAY
SPAGNUOLO AKA RAY SPAGNUOLA,
TERRENCE MCCAFFREY, AND MARK
DEFOREST BECK

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Order No. ENF-04-CDO-1555

TO: Allied Energy Group
5075 Westheimer, Suite 790
Houston, TX 77056

Allied Energy Group
2800 Griffin Drive
Bowling Green, Kentucky 42101

Allied Syndications, Inc.
510 Bering Drive, Suite 300
Houston, TX 77057

Chauer Fredricksburg Prospect
5075 Westheimer, Suite 790
Houston, TX 77056

Richard Underwood
aka Rick Underwood
aka Ric Underwood
510 Bering Drive, Suite 300
Houston, TX 77057

Ray Spagnuolo
aka Ray H. Spagnuolo
aka Harvey R. Spagnuolo
aka H. Ray Spagnuolo
aka Ray Spagnuola
510 Bering Drive, Suite 300
Houston, TX 77057

Terrence McCaffrey
5075 Westheimer, Suite 790
Houston, TX 77056

Mark DeForest Beck
5075 Westheimer, Suite 790
Houston, TX 77056

EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("Securities Commissioner") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2004) ("Texas Securities Act").

The Staff of the Enforcement Division ("the Staff") of the Texas State Securities Board ("the Securities Board") has presented evidence sufficient for the Securities Commissioner to find that:

FINDINGS OF FACT

1. Respondent Allied Energy Group maintains last known addresses of 5075 Westheimer, Suite 790, Houston, TX 77056 and 2800 Griffin Drive, Bowling Green, Kentucky 42101.
2. Respondent Allied Syndications, Inc. maintains a last known address of 510 Bering Drive, Suite 300, Houston, TX 77057.
3. Respondent Chaucer Fredricksburg Prospect maintains a last known address of 5075 Westheimer, Suite 790, Houston, TX 77056.
4. Respondent Richard Underwood aka Rick Underwood aka Ric Underwood maintains a last known address of 510 Bering Drive, Suite 300, Houston, TX 77057.
5. Respondent Ray Spagnuolo aka Ray H. Spagnuolo aka Harvey R. Spagnuolo aka H. Ray Spagnuolo aka Ray Spagnuola maintains a last known address of 510 Bering Drive, Suite 300, Houston, TX 77057.
6. Respondent Terrence McCaffrey maintains a last known address of 5075 Westheimer, Suite 790, Houston, TX 77056.
7. Respondent Mark DeForest Beck maintains a last known address of 5075 Westheimer, Suite 790, Houston, TX 77056.
8. Respondents are offering to Texas residents oil and gas working interests in a well to be drilled in Shelby County, Texas. Respondents are offering 45 units, representing a 45% working interest, for \$24,500 per unit (\$38,000 per unit including completion costs). The offering documents state that Respondent Allied Energy Group has an Advisory Board composed of Samuel "Sam" W. Meek, III, Dirk Olsen, Steve Stengell, Michael Laznicka and Lyle G. "Buck" Meyers.
9. The working interests have not been registered by qualification, notification or coordination and no permit has been granted for their sale in Texas.
10. Respondents have not been registered with the Securities Commissioner as dealers or agents at any time material hereto.

11. In connection with the offer for sale of the oil and gas working interests, Respondents are intentionally failing to disclose the material fact that Ric Underwood was the subject of a Stop Order And Order To Cease And Desist issued by the Kentucky Department of Financial Institutions on or about May 12, 2003, and was found to be violating various Kentucky laws by, inter alia, selling unregistered securities and selling securities using unregistered agents.
12. In connection with the offer for sale of the oil and gas working interests, Respondents are intentionally failing to disclose information regarding the assets, liabilities, profits, losses, cash flow and other financial data of Respondent Allied Energy Group, Respondent Allied Syndications, Inc., and Respondent Chaucer Fredricksburg Prospect, sufficient to enable a prospective investor to make an informed decision regarding the risks associated with the offering, said information constituting a material fact.
13. In connection with the offer for sale of the oil and gas working interests, Respondents represent that the offering is exempt under Section 5(l) of The Securities Act, which is materially misleading in light of the fact that Respondents are engaging in public solicitation or advertisements which makes the Section 5(l) exemption unavailable.
14. In connection with the offer for sale of the oil and gas working interests, Respondents represent that the sales literature has been filed with and reviewed by the Securities Board, which is materially misleading in light of the fact that Respondents have not filed the sales literature with the Securities Board.
15. In connection with the offer for sale of the oil and gas working interests, Respondents represent that investors are only liable for their investment, which is materially misleading in light of the fact that Respondents also represent in offering documents that investors have unlimited liability.
16. In connection with the offer for sale of the oil and gas working interests, Respondent Ray Spagnuolo is intentionally failing to disclose the material fact that OTR Media, a company of which he is a Director, was the subject of a Stop Order And Order To Cease And Desist issued by the Kentucky Department of Financial Institutions on or about May 12, 2003.

CONCLUSIONS OF LAW

1. The above-described working interests are "securities" as that term is defined by Section 4.A of the Texas Securities Act.
2. Respondents are violating Section 7 of the Texas Securities Act by offering securities for sale in Texas at a time when the securities are not registered with the Securities Commissioner.
3. Respondents are violating Section 12 of the Texas Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of

Section 12 of the Texas Securities Act.

4. Respondents are engaging in fraud in connection with the offer for sale of securities.
5. Respondents have made an offer containing statements that are materially misleading or otherwise likely to deceive the public.
6. Respondents' conduct, acts, and practices threaten immediate and irreparable public harm.
7. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Texas Securities Act.

ORDER

1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Texas Securities Act.
2. It is further ORDERED that Respondents immediately CEASE AND DESIST from acting as securities dealers or agents in Texas until Respondents are registered with the Securities Commissioner or are acting pursuant to an exemption from registration under the Texas Securities Act.
3. It is further ORDERED that Respondents immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in Texas.
4. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering securities in Texas through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.

NOTICE

Pursuant to Section 23-2 of the Texas Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, and state the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Texas Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Texas Securities Act is a criminal offense punishable by a fine of not more than \$5,000, or imprisonment in the penitentiary for not more than two years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 5th day of
March, 2004.

Denise Voigt Crawford

DENISE VOIGT CRAWFORD
Securities Commissioner