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JACK D. LADD
MEMBER

SSB Docket No. 02-22

IN THE MATTER OF	§	
INTEGRATED DIRECT MARKETING CORP.	§	
aka IDM, INC.; TEXAS STATE OIL COMPANY;	§	Order No. CDO-1467
JOHN BROWNING STAFFORD; BILL ADDISON;	§	
JOHN LOPEZ; TONY WATKINS; AND KEVIN	§	
DAN HEARN	§	

TO: Integrated Direct Marketing Corp. aka IDM, Inc. One Irving Plaza 415 E. Airport Freeway, Suite 320 Irving, Texas 75062	Texas State Oil Company One Irving Plaza 415 E. Airport Freeway, Suite 320 Irving, Texas 75062
John Browning Stafford One Irving Plaza 415 E. Airport Freeway, Suite 320 Irving, Texas 75062	Bill Addison One Irving Plaza 415 E. Airport Freeway, Suite 320 Irving, Texas 75062
John Lopez One Irving Plaza 415 E. Airport Freeway, Suite 320 Irving, Texas 75062	Tony Watkins One Irving Plaza 415 E. Airport Freeway, Suite 320 Irving, Texas 75062
Kevin Dan Hearn One Irving Plaza 415 E. Airport Freeway, Suite 320 Irving, Texas 75062	

EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Deputy Securities Commissioner of the State of Texas ("Deputy 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. 2002) ("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 Deputy Securities Commissioner to find that:

FINDINGS OF FACT

1. Integrated Direct Marketing Corp. aka IDM, Inc. ("IDMC") is the joint venture manager of the Ownbey #1 Joint Venture, a five well drilling program in Chautauqua County, Kansas. IDMC represents itself to be a corporation whose last known address is One Irving Plaza, 415 E. Airport Freeway, Suite 320, Irving, Texas 75062.
2. Texas State Oil Company ("TSOC") is an affiliate of IDMC that is to operate the five aforementioned Kansas joint venture wells. TSOC represents itself to be a corporation whose last known address is One Irving Plaza, 415 E. Airport Freeway, Suite 320, Irving, Texas 75062.
3. Neither IDMC nor TSOC were registered with the Texas Secretary of State as a foreign or domestic corporation, professional association, limited partnership or limited liability company at any time material hereto and both IDMC and TSOC were doing business in Texas as described herein.
4. John Browning Stafford ("Stafford") is an individual who, at all times material hereto, has been President and Director of IDMC and an Officer/Director of TSOC with a last known business address the same as IDMC.
5. Bill Addison ("Addison") is an individual who, at all times material hereto, has been President and Director of TSOC and Secretary/Director of IDMC with a last known business address the same as IDMC.
6. John Lopez ("Lopez") is a Senior Account Executive of IDMC with a last known business address the same as IDMC.
7. Tony Watkins ("Watkins") is a Senior Account Executive of IDMC with a last known business address the same as IDMC.
8. Kevin Dan Hearn ("Hearn") is an individual who has acted as an agent of IDMC, TSOC, Stafford and Addison, as described herein, with a last known business address the same as IDMC. On or about August 20, 2001, the Securities Board issued a Disciplinary Order Reprimanding and Suspending An Agent, Order No. SUS-1438, against Hearn.
9. During and about January, 2002, Lopez, on behalf of IDMC, TSOC, Stafford and Addison, telephoned at least one Texas resident (the "Texas offeree") and made available an opportunity to invest in the above-referenced five well program. Lopez

stated that IDMC has had "good success" in the prospect field. The Texas offeree informed Lopez that the Texas offeree was not an accredited investor. Addison sent, or caused to be sent to the Texas offeree, a prospectus and subscription forms. The subscription forms were to be completed by the Texas offeree, returned to TSOC at the Texas address provided therein, and acknowledged by Stafford on behalf of IDMC. Prior well production records were forwarded to the Texas offeree at the request of the Texas offeree.

10. During and about May, 2002, Watkins and Hearn, on behalf of IDMC, TSOC, Stafford and Addison, telephoned at least one Illinois resident (the "Illinois offeree") and made available an opportunity to invest in the above-referenced five well program. Stafford sent, or caused to be sent to the Illinois offeree, a prospectus and subscription forms. The subscription forms were to be completed by the Illinois offeree, returned to TSOC at the Texas address provided therein and acknowledged by Stafford on behalf of IDMC.
11. The interests in or under an oil/gas lease described above have not been registered by qualification, notification or coordination and no permit has been granted for their sale within the State of Texas.
12. For the period from September 1, 2001, to the present, IDMC, TSOC, Stafford, Addison, Watkins, and Lopez have not been registered to sell securities or render investment advice within the State of Texas as required by Section 12 of the Texas Securities Act. For the period February 20, 2002, to the present, Hearn has not been registered to sell securities or render investment advice within the State of Texas as required by Section 12 of the Securities Act.
13. IDMC, TSOC, Stafford, Addison and Lopez misrepresented that the offer of the Ownbey #1 Joint Venture units would only be made to accredited investors.
14. IDMC, TSOC, Stafford, Addison, Lopez, Watkins and Hearn (collectively "Respondents") fail to disclose in the IDMC offering materials that approximately 6 of the approximately 90 well projects were commercial quality and that many investors with IDMC have never recovered their initial investments.
15. Respondents fail to disclose the amount of potential turnkey profit or the liquid assets available from which to pay potential turnkey cost overruns.
16. Respondents' use of the terms "Inc.," "Corp." and "Company" is misleading in light of the fact that neither TSOC nor IDMC were registered with the Texas Secretary of State as a foreign or domestic corporation, professional association, limited partnership or limited liability company at any time material hereto.
17. Respondents fail to disclose in the private placement memorandum, oral sales presentation and other advertising materials that a Summary Order to Cease and

Desist was issued against IDMC and Stafford by the State of Pennsylvania Securities Commission, Docket No. 9811-02, on or about November 10, 1998.

CONCLUSIONS OF LAW

1. The above-referenced joint venture interests represent interests in or under an oil, gas or mineral lease that are "securities" as that term is defined in Section 4.A of the Texas Securities Act.
2. Respondents offered for sale the above-described securities in Texas as the term "offer for sale" is defined in Section 4.E of the Texas Securities Act.
3. Respondents violated Section 7 of the Texas Securities Act by offering for sale the above-described securities in Texas without the securities being registered with the Securities Commissioner.
4. Respondents are acting as "dealers" or "agents" in securities as those terms are defined in Section 4.C and 4.D of the Texas Securities Act.
5. Respondents violated 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.
6. Respondents have made offers of securities in Texas that are materially misleading or otherwise likely to deceive the public through misrepresenting and failing to disclose the above-described material and relevant facts.
7. Respondents' conduct, acts and practices threaten immediate and irreparable harm to the public.
8. 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 acting as securities agents or dealers until they are registered or an available exemption is utilized.
2. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering securities in Texas until the securities have been registered with the Securities Commissioner or an available exemption is utilized.
3. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering securities in Texas through the use of fraud or through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.

NOTICE

Under Section 23-2 of the Texas Securities Act, you may request a hearing before the 31st day after the date you were served. The request for a hearing must be in writing, directed to the Securities Commissioner, stating the grounds for the request to set aside and modify the order. Failure to request a hearing will result in the order becoming final and nonappealable.

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 fine and imprisonment.

SIGNED AND ENTERED by the Deputy Securities Commissioner this 1st day of August, 2002.


JOHN R. MORGAN
Deputy Securities Commissioner