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SECURITIES COMMISSIONER



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## Texas State Securities Board

208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
www.ssb.state.tx.us

Phone: (512) 305-8300  
Facsimile: (512) 305-8310

**SSB Docket No. 03-036**

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IN THE MATTER OF  
NORTHSTAR ENERGY, INC.;  
LARRY M. KOONCE; AND  
PAUL M. ESPOSITO

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§  
§  
§

**Order No. CDO/FIN-1533**

TO: Northstar Energy, Inc.  
740 Lexington Drive  
Plano, Texas 75075

Larry M. Koonce  
Northstar Energy, Inc.  
740 Lexington Drive  
Plano, Texas 75075

Paul M. Esposito  
Northstar Energy, Inc.  
740 Lexington Drive  
Plano, Texas 75075

### DISCIPLINARY ORDER

Be it remembered that Northstar Energy, Inc. ("Respondent Northstar"), by and through Larry M. Koonce, its President, Larry M. Koonce ("Respondent Koonce"), individually, and Paul M. Esposito ("Respondent Esposito"), individually, (collectively "Respondents") appeared before the Securities Commissioner of Texas ("Securities Commissioner"), and without admitting or denying the Findings of Fact or Conclusions of Law except as referenced below, consented to the entry of this Order and the Findings of Fact and Conclusions of Law contained herein.

### FINDINGS OF FACT

1. Respondents have waived (a) Respondents' right to notice and hearing in this matter; (b) Respondents' right to appear and present evidence in this matter; (c) Respondents' right to appeal this Order and (d) all other procedural rights granted to Respondents by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2003) ("Texas Securities Act") and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon Supp. 2003) ("Administrative Procedure Act").

2. Respondent Northstar is a Texas company with a last known address of 740 Lexington, Plano, Texas 75075.
3. Respondent Koonce is President and Director of Respondent Northstar with the same last known business address as Respondent Northstar.
4. Respondent Esposito is Chief Executive Officer and Director of Respondent Northstar with the same last known business address as Respondent Northstar.
5. From on or about November 1, 2000, to the present, Respondents have offered for sale and sold in Texas, undivided working interests in oil and gas leases directly and through unregistered agents.
6. The working interests in the oil and gas leases offered for sale and sold by the Respondents have not been registered with the Securities Commissioner by qualification, notification or coordination and no permit has been granted for their sales in Texas.
7. Respondents, at all times relevant to this Order, were not registered with the Securities Commissioner as securities dealers, agents, investment advisers, or investment adviser representatives.
8. Respondents agree that this Order shall be admissible to prove the facts stated herein in any state proceeding brought by or on behalf of the Texas State Securities Board.

#### CONCLUSIONS OF LAW

1. The working interests in the oil and gas leases are interests in or under an oil, gas or mining lease and are securities, as the term "securities" is defined in Section 4.A of the Texas Securities Act.
2. Respondents have engaged in the offer for sale of securities in Texas, as the term "offer for sale" is defined in Section 4.E of the Texas Securities Act.
3. Respondents violated the Texas Securities Act by offering for sale securities in Texas at a time when the securities were not registered with the Securities Commissioner, as required by Section 7 of the Texas Securities Act.
4. Respondents have acted as dealers and/or agents, as the terms "dealers" and "agents" are defined in Sections 4.C and 4.D of the Texas Securities Act.
5. Respondents violated the Texas Securities Act by offering for sale securities in Texas at a time when the Respondents were not registered with the Securities Commissioner, as required by Section 12 of the Texas Securities Act.

6. Pursuant to Section 23 of the Texas Securities Act, the foregoing violations constitute bases for the issuance of a Cease and Desist Order against the Respondents.
7. Pursuant to Section 23-1.A of the Texas Securities Act, the foregoing violations constitute bases for the issuance of an order assessing an administrative fine against the Respondents.

ORDER

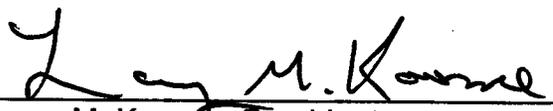
1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from acting as dealers and/or agents in Texas until the Respondents are registered with the Securities Commissioner or an available registration exemption is utilized.
2. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering securities for sale in Texas until the securities have been registered with the Securities Commissioner or an available registration exemption is utilized.
3. It is further ORDERED that Northstar Energy, Inc. is hereby ASSESSED AN ADMINISTRATIVE FINE in the amount of Seventy-Five Thousand Dollars (\$75,000.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Seventy-Five Thousand Dollars (\$75,000.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED by the Securities Commissioner this 2<sup>nd</sup> day of September, 2003.

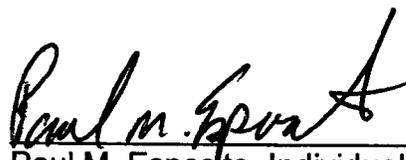
  
DENISE VOIGT CRAWFORD  
Securities Commissioner

Respondents:

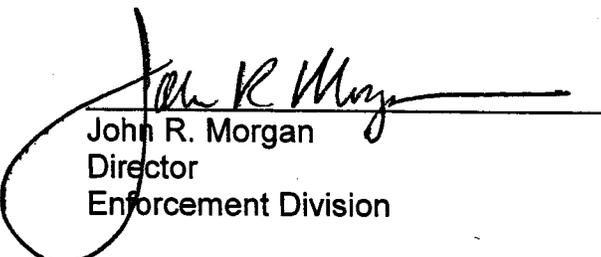
Northstar Energy, Inc.

  
Larry M. Koonce, President

  
Larry M. Koonce, Individually

  
Paul M. Esposito, Individually

Approved as to Form:

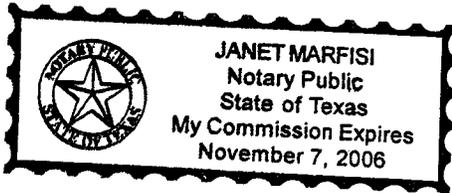
  
John R. Morgan  
Director  
Enforcement Division

  
Steven B. Holmes  
Attorney for Respondents

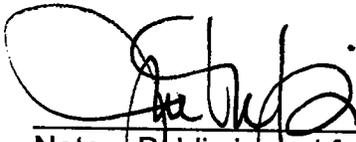
**ACKNOWLEDGMENT**

On the 27 day of August, 2003, Northstar Energy, Inc. ("Respondent Northstar"), by and through Larry M. Koonce, its President, personally appeared before me, executed the foregoing Order and acknowledged that:

1. Larry M. Koonce is duly authorized to enter into the foregoing Order on behalf of Respondent Northstar;
2. Larry M. Koonce has read the foregoing Order;
3. Respondent Northstar has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent Northstar knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and,
5. Respondent Northstar, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



[affix notary seal here]

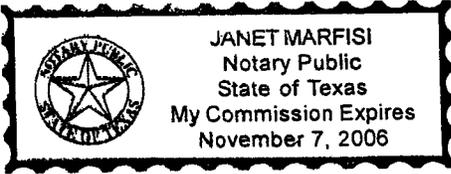
  
\_\_\_\_\_  
Notary Public in and for  
the State of Texas

My commission expires on: 11/7/06

**ACKNOWLEDGMENT**

On the 27 day of August, 2003, Larry M. Koonce ("Respondent Koonce") personally appeared before me, executed the foregoing Order and acknowledged that:

1. Respondent Koonce has read the foregoing Order;
2. Respondent Koonce has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
3. Respondent Koonce knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and,
4. Respondent Koonce, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived his rights as set forth therein.



[affix notary seal here]

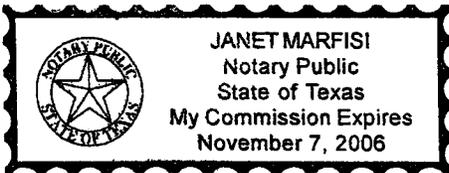
  
\_\_\_\_\_  
Notary Public in and for  
the State of Texas

My commission expires on: 11/7/06

**ACKNOWLEDGMENT**

On the 27 day of August, 2003, Paul M. Esposito ("Respondent Esposito") personally appeared before me, executed the foregoing Order and acknowledged that:

1. Respondent Esposito has read the foregoing Order;
2. Respondent Esposito has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
3. Respondent Esposito knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and,
4. Respondent Esposito, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived his rights as set forth therein.



[affix notary seal here]

  
\_\_\_\_\_  
Notary Public in and for  
the State of Texas

My commission expires on: 11/7/06