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SECURITIES COMMISSIONER

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Texas State Securities Board

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MEMBER

IN THE MATTER OF
DUNWELL CORPORATION, ROBERT
C. DUNCAN, AND TAYLOR SMITH

§
§
§

Order No. ENF-04-CDO-1569

TO: Dunwell Corporation
6953 Brookshire Drive
Dallas, TX 75230

Robert C. Duncan
8144 Walnut Hill Lane, Suite 285
Dallas, TX 75231

Taylor Smith
8144 Walnut Hill Lane, Suite 285
Dallas, TX 75231

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 Dunwell Corporation maintains a last known address at 6953 Brookshire Drive, Dallas, TX 75230.
2. Respondent Robert C. Duncan maintains a last known address at 8144 Walnut Hill Lane, Suite 285, Dallas, TX 75231.

3. Respondent Taylor Smith maintains a last known address at 8144 Walnut Hill Lane, Suite 285, Dallas, TX 75231.
4. Respondents are offering to Texas residents oil and gas working interests in a well to be drilled in Choctaw County, Alabama. Respondents are offering 30 units, representing a 30% working interest (22.5% net revenue interest), for \$37,500 per unit.
5. The working interests have not been registered by qualification, notification or coordination and no permit has been granted for their sale in Texas.
6. Respondents have not been registered with the Securities Commissioner as dealers or agents at any time material hereto.
7. In connection with the offer for sale of the above-described working interests, Respondents are intentionally failing to disclose the following material facts:
 - a) the minimum amount of investors' funds necessary to initiate the program, the disposition of such funds if they are not sufficient for that purpose, and the period of the offering;
 - b) working interest owners may be subject to unlimited liabilities to third parties for the obligations and activities of Respondent Dunwell Corporation, and these liabilities may be in excess of and in addition to the investment amount;
 - c) whether interests in the investment are being offered to third parties at prices or under terms differing from those presented to investors; and
 - d) information regarding the assets, liabilities, profits, losses, cash flow and other financial data of Respondent Dunwell Corporation.
8. In connection with the offer for sale of the above-described working interests, Respondents represent that investors will receive \$1.3 million for an investment of \$37,500, which is materially misleading in light of the fact that Respondents represent in sales literature that investors will receive an 8 to 1 return on their investment.
9. In connection with the offer for sale of the above-described working interests, Respondents represent that Respondent Dunwell Corporation has drilled and operated hundreds of oil and gas wells, which is materially misleading in light of the fact that Respondents do not disclose the drilling results thereof, including the total investment in each of such programs and the recovery for investors, if any.
10. In connection with the offer for sale of the above-described working interests, Respondents represent that 300 barrels of oil per day will be produced with no decline for 6-8 years, which is materially misleading in light of the fact that all wells may experience production declines.
11. In connection with the offer for sale of the above-described working interests, Respondents represent that the investment involves "some risk", which is materially misleading in light of the fact that Respondents represent in sales literature that the venture involves a high degree of risk.

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 20th day of

August, 2004.


DENISE VOIGT CRAWFORD
Securities Commissioner