

COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION NO. II
CIVIL ACTION NO. 13-CI-939

ENTERED
AUG 18 2014
FRANKLIN CIRCUIT COURT
SALLY JUMP, CLERK

DEPARTMENT OF FINANCIAL INSTITUTIONS

PLAINTIFF

v.

THREE STAR LEASING, INC.,
LIBERTY OIL LEASING
CLEMENTSVILLE OIL & GAS LEASING, ET AL.

DEFENDANTS

**FINAL ORDER GRANTING PERMANENT INJUNCTIVE RELIEF AND ORDERING
RESTITUTION AND DISGORGEMENT**

Plaintiff, Department of Financial Institutions ("DFI"), has requested the entry of a Final Order in this action granting a permanent injunction and ordering restitution and disgorgement against the Defendants in accordance with KRS 292.470(2) and CR 65.01. This Court has previously entered Restraining Orders against the Defendants on August 7, 2013 and on November 12, 2013, respectively. A Warning Order was issued for Defendants to appear or otherwise defend on November 12, 2013. A Warning Order Report was filed on March 21, 2014, and this Court entered an Order approving the Warning Order Report on March 21, 2014. The Defendants have failed to appear or otherwise defend this action.¹ On the basis of the pleadings, exhibits, and accompanying affidavits previously offered by the Plaintiff in connection with its prior motions for injunctive relief, the Court is satisfied that the Plaintiff has

¹ The Court does take notice, however, that Defendant Three Star Leasing, Inc., through its purported C.E.O., non-attorney Michael Hicks, attempted to represent itself on a pro se basis following the entry of the Restraining Order in November, 2013. Plaintiff moved to have Three Star Leasing, Inc.'s filings stricken from the record on grounds that a corporation may only appear in court through counsel, and the Court sustained that motion by Order of January 3, 2014. The Defendant did not subsequently secure counsel to represent it.

made a proper showing that the Defendants are in violation of KRS 292.340 (sale of unregistered securities), 292.330 (unregistered agents), and 292.320(1) (fraud in connection with the offer or sale of securities), and that entry of a final order is appropriate at this time. The court held an evidentiary hearing in this matter on Monday, August 18, 2014 for purposes of identifying for the record the source of the funds deposited by Three Star Leasing, Inc. and its purported C.E.O., Michael Hicks, into US Bank (a portion of which Hicks subsequently withdrew in cash or transferred into another account in the name of Three Star Leasing, Inc. at PNC Bank) in September, 2013.

On the basis of the foregoing, **IT IS HEREBY ORDERED AND ADJUDGED** as follows:

1. Defendant, Three Star Leasing, Inc., and any person or entity acting in active concert or participation with it who receives actual notice of the Court's order, is hereby **PERMANENTLY ENJOINED** from making offers to sell and selling interests in oil and gas programs, including but not limited to working interests, net royalty interests, limited partnership interests, general partnership interests, joint venture interests, and investment contracts.

2. Defendant, Three Star Leasing, Inc, is **ORDERED TO MAKE RESTITUTION** to the following investors in the following amounts (to the extent these monies have not previously been refunded):

Paul R. Reid Sr. and Lorraine E. Reid \$8,900.00

Leo Gray Living Trust, Leo Gray and Jean L. Gray Trustees \$12,000

Theodore W. Sosnicki and Tyra M. Sosnicki \$8,900

Paul Dutton \$8,900

Gene Blackburn \$28,500

Carol Ann Kinghorn \$4,700

Rust Ranch (LLR) \$4,200

Louis Hamer, Jr. and Judith Hamer \$2,500

Henry C.B. Lindh TTEE Henry C.B. Lindh REV LVG Trust \$28,500

3 Those funds currently being held in the Defendant's accounts at US Bank and PNC Bank may be used or otherwise applied for purposes of making the required restitution payments. The Defendants are prohibited and ENJOINED from making any disposition of those funds other than for purposes of restitution to those investors identified above. It is the intention of this Court that all funds currently held in the two accounts be returned to these investors.

4. In addition to the funds belonging to the specific investors identified in paragraph 2 above, Plaintiff has presented uncontested evidence that Defendants, Clementsville Oil & Gas Leasing, Liberty Oil leasing, and Three Star Leasing, by and through their principals, agents and representatives, collected, deposited and withdrew from an account at Chase Bank, investor funds obtained in violation of KRS 292.340, 292.330, and 292.320(1), in an amount totaling no less than \$534,975.00. As these sums were unlawfully obtained in violation of KRS Chapter 292, they represent ill-gotten gains and the Plaintiff is entitled to an **ORDER OF DISGORGEMENT** against said Defendants in the amount of \$642,075.00.

5. Defendants are **PERMANENTLY ENJOINED** from violating the Securities Act of Kentucky.

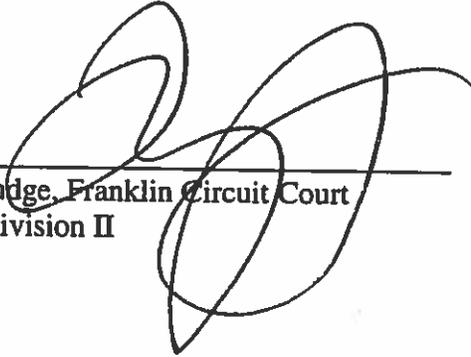
6. Defendants are **PERMANENTLY ENJOINED** from dissipating any monies received from investors in oil and gas programs (or other assets acquired with investor money)

wherever those monies or other assets are located and regardless of whether they may be kept in a financial institution or otherwise.

7. This Final Order applies to any person acting in concert with any of the Defendants or willfully assists in, aides in, participates in, or facilitates any conduct or activity in violation of any provision of this Order who has received actual notice of this Order, by personal service, facsimile, email, or otherwise. Any party, person or entity, having actual notice of this Order, who violates its provisions or who willfully assists in, aides in, participates in, or facilitates the violation of any provision of this Order, shall be subject to sanctions for contempt of court.

This is a **FINAL AND APPEALABLE ORDER** in accordance with the provisions of CR 54.01.

ENTERED this 18 day of August, 2014.



Judge, Franklin Circuit Court
Division II