

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: Aspen Exploration Inc.)
Mark Rand; Greg Rand; William)
Rand)

FILE NO. 0700019

AMENDED NOTICE OF HEARING

TO RESPONDENTS: Aspen Exploration Inc.
2901 Dallas Parkway
Suite 380
Plano, TX 75093

Mark Rand
2901 Dallas Parkway
Suite 380
Plano, TX 75093

Greg Rand
2901 Dallas Parkway
Suite 380
Plano, TX 75093

William Rand
2901 Dallas Parkway
Suite 380
Plano, TX 75093

You are hereby notified that pursuant to Section 11.E of the Illinois Securities law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 W. Washington Street, Suite 1220, Chicago, Illinois 60602, on the 15th day of January, 2009, at the hour of 10:00 a.m., or as soon as possible thereafter, before James Kopecky, Esq. Or such duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered pursuant to Section 11.E of the Act prohibiting Respondent from selling or offering for sale securities in the State of Illinois and/or granting such other relief as may be authorized under the Act including

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but not limited to imposition of a monetary fine in the maximum amount pursuant to 11.E(4) of the Act, payable within 10 (ten) days of the order.

The grounds for such proposed action are as follows:

Factual Background

1. Mark Rand at all relevant times was Chairman of the Board of Aspen Exploration Inc.
2. Greg Rand at all relevant times was Chief Executive Officer of Aspen Exploration Inc.
3. William Rand at all relevant times was President of Aspen Exploration Inc.
4. Since September of 2004, Respondents, solicited Illinois and Wisconsin Investors to purchase participations in several oil and gas-drilling projects initiated by Respondent Aspen Exploration, Inc. called Rancho Blanco State #5, Rancho Blanco State #6 and Rancho Blanco State #7.
5. Since, September of 2004, Respondents, sold to Illinois and Wisconsin Investors participations in several oil and gas-drilling projects initiated by Respondent Aspen Exploration, Inc., called Rancho Blanco State #5, Rancho Blanco State #6 and Rancho Blanco State #7.
6. Aspen Exploration made representations to the Illinois and Wisconsin investors that Rancho Blanco #5, Rancho Blanco State #6 and Rancho Blanco State #7, with Aspen Exploration serving as its Managing Venturer, would acquire an interest in a prospect well and drill it in search of oil and gas.
7. Aspen Exploration also represented to the Illinois and Wisconsin Investors that the investment objectives of Rancho Blanco #5, Rancho Blanco #6 and Rancho Blanco #7 were to generate revenue and provide cash distributions to investors.
8. Respondents solicited many of these investors through repeated cold-calls and other high-pressure tactics.
9. In addition to the Illinois and Wisconsin Investors, Respondents sold interests in Rancho Blanco #5, #6 and #7 to individuals who resided in at least 33 different states.
10. The overwhelming majority of the purchasers of Rancho Blanco were not presently in the business of managing and/or operating an oil and gas well and in other cases the purchasers were not presently working in a field that was business related at all.

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11. Furthermore, the education level of several purchasers of Rancho Blanco #5, #6 and #7 was no greater than graduating high school or trade school.
12. In addition to cold-calling, Respondents used the services of a company by the name of Investment Trend Analytics and a registered securities salesperson by the name of Stephen Walker (hereinafter "Walker") to solicit Walker's clients to purchase of units in Rancho Blanco.
13. Walker had requested from Aspen Exploration a Finders' Fee to be paid by Aspen Exploration to either Walker or Investment Trend Analytics for sales of interests in Rancho Blanco that Walker or Investment Trend Analytics would make to Walker's clients.
14. Respondents had no direct contact with the individuals that Walker represented to be his clients prior to their initial purchase.
15. Walker would send a collection of checks drafted by Walker's clients in FedEx packages to Aspen, which were made for the purpose of purchasing interests in Rancho Blanco #5, #6 or #7.
16. At the time of Walker's solicitations of his clients, Respondents had no idea what the financial background or suitability standards were for Walker's clients.
17. Walker and Investment Trend Analytics were paid a finder's fee by Aspen for finding purchasers of the Rancho Blanco units.
18. Between September of 2004 and July of 2007 Respondents through the use of cold-calling and through the services of Stephen Walker and Investment Trend Analytics, entered into a total of at least 145 transactions to sell interests in Rancho Blanco #5, #6 and/or #7, the purchases of which were made by at least 48 Illinois Investors.
19. That in addition, Respondents sold interests in Rancho Blanco #5, #6 and #7 to a Wisconsin Resident through the services of Stephen Walker a securities salesperson who at the time was registered as such in the State of Illinois.
20. That Stephen Walker solicited Wisconsin Investor to purchase interests in Rancho Blanco #5, #6 and #7 in Illinois.
21. In September of 2006 Respondents informed certain Illinois and Wisconsin Investors of a meeting (the "Meeting") that was to take place at a restaurant in Illinois.
22. That the Meeting took place on September 14th, 2006 at a restaurant in Illinois.

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23. Respondent Greg Rand was present throughout the entire Meeting on September 14th, 2006.
24. During the Meeting Greg Rand told the investors present at the meeting that the interests in the oil and gas prospects purchased by Rancho Blanco #6 and #7 were in the process of being sold to a third party and that he had the signed contract in his hand and the deal would be completed one month later.
25. During that Meeting Respondent Greg Rand told the investors present at the meeting that the purchase of the Rancho Blanco #6 and #7 oil and gas interests by the third party would result in the Investors receiving a dollar amount the equivalent to between 8 to 16 times the Investors' original purchase price of the units in Rancho Blanco #6 and #7.
26. Greg Rand also told the investors present at the Meeting that the investors should not discuss this potential buy-out with anyone because of a "cooling off period".
27. To this day there has been no purchase or buy-out of the Investors' units in Rancho Blanco #6 and #7 by any third party.

COUNT I: Fraud**Respondents Failed to Disclose Material Facts to Investors in Connection With The Sale of the Rancho Blanco Oil and Gas Interests**

28. Counts 1-24 are renumbered and incorporated by reference.
29. On October 4th, 2005 Brian Bramell named Aspen Exploration and as a Defendant in a suit filed in federal court in Texas. Bramell stated in his complaint that he had purchased from Aspen \$197,000.00 worth of oil and gas interests in Rancho Blanco No. 2 and other wells.
30. On March 11th, 2005 Brian Bramell amended the complaint that was filed on October 4th, 2005 to include Greg Rand in addition to Aspen Exploration as a Defendant.
31. Bramell's amended complaint states that his purchases were made in reliance on misrepresentations and false statements made by Aspen Exploration and Greg Rand.
32. Specifically, Bramell alleged that Aspen made representations that it had a working relationship with Texaco and that this misrepresentation was made to induce Bramell to purchase oil and gas interests from Aspen.

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33. On June 28, 2006, Frank R. Kitchell named Aspen Exploration and Greg Rand as Defendants in a suit filed in federal court in Texas. Kitchell stated in his complaint that he had purchased from Aspen a \$2.7 million oil and gas interest in Rancho Blanco No. 2 and other wells.
34. That Kitchell's complaint also states that his purchases were made in reliance on misrepresentations made by Aspen Exploration and Greg Rand.
35. That on July 11, 2006, Frank Y. Takahashi filed a lawsuit in federal court in Texas naming Aspen Exploration and Greg Rand as Defendants.
36. That Takahashi's complaint alleged that he had purchased a 4.5% working interest in an oil and gas well in DeWitt County, Texas, named the Shaffer #1 well.
37. That Takahashi alleged in his complaint that the sale to Takashi of the interest in the Shaffer #1 well was in violation of the Texas Securities Act and in violation of Section 10(b) of the Federal Securities Exchange Act and SEC Rule 10b-5.
38. That on June 25, 2004 Integrated Production Services, Inc. claimed a lien for services performed and for materials and equipment furnished under contract with Aspen Exploration, Inc. in connection with operations conducted by Aspen Exploration on oil or gas wells identified as Rancho Blanco Corporation State Well #2 and Rancho Blanco Corporation State well #3.
39. That the lien claimed \$177,130.78, plus interest, against all oil, gas and mineral leasehold estates owned by Aspen Exploration and identified as Rancho Blanco Corporation State Well #2 and Rancho Blanco Corporation State Well #3.
40. That on June 15, 2004 Jack Rettig, managing member of Professional Wireline Rentals claimed a lien for services performed and for materials and equipment furnished under contract with Aspen Exploration, Inc. in connection with operations conducted by Aspen Exploration on oil or gas wells identified as Rancho Blanco Corporation State Well #3.
41. That the lien claimed \$63,102.64, plus interest, against all oil, gas and mineral leasehold estates owned by Aspen Exploration and identified as Rancho Blanco Corporation State Well #3.
42. That on March 22, 2005 Tubular Technology claimed a lien for services performed and for materials and equipment furnished under contract with Aspen Exploration, Inc. in connection with operations conducted by Aspen Exploration on oil or gas wells identified as Rancho Blanco Corporation State Well #4.

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43. That the lien claimed \$31,1346.41, plus interest, against all oil, gas and mineral leasehold estates owned by Aspen Exploration and identified as Rancho Blanco Corporation State Well #4.
44. That on November 30, 2005 Coil Tubing Services, L.L.C. claimed a lien for services performed and for materials and equipment furnished under contract with Aspen Exploration, Inc. in connection with operations conducted by Aspen Exploration on oil or gas wells identified as Rancho Blanco Corporation State Well #4.
45. That the lien claimed \$45,032.64, against all oil, gas and mineral leasehold estates owned by Aspen Exploration and identified as Rancho Blanco Corporation State Well #4.
46. That on February 13, 2006, Coil Tubing Services, L.L.C. filed suit against Aspen Exploration to enforce the lien for services performed and for materials and equipment furnished under contract with Aspen Exploration, Inc. in connection with operations conducted by Aspen Exploration on oil or gas wells identified as Rancho Blanco Corporation State Well #4.
47. That at no time did Respondents ever disclose to Illinois and Wisconsin Investors the risks involved with investing in the securities that Respondent was recommending.
48. That specifically, Respondent did not disclose at the time of the sales that:
 - a. That Aspen Exploration was a party to several pending litigations whereby investors were alleging that Aspen Exploration and Greg Rand had engaged in fraudulent activity in connection with the sale of oil and gas interests to investors.
 - b. That the above mentioned creditors had filed liens against Aspen Exploration Inc. for services performed and for materials and equipment furnished under contract with Aspen Exploration, Inc. in connection with operations conducted by Aspen Exploration on oil or gas wells.
 - c. That Aspen Exploration was a party to pending litigation whereby a creditor filed suit against Aspen Exploration to enforce a lien for services performed and for materials and equipment furnished under contract with Aspen Exploration, Inc. in connection with operations conducted by Aspen Exploration on oil or gas wells.
49. That the above-mentioned omissions of fact address the solvency, financial condition, competency and most importantly, the ability and willingness of Aspen Exploration to comply with existing rules and regulations.
50. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in

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conjunction with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.

51. That by virtue of the foregoing, each and every sale made by Respondents to each of the Illinois and Wisconsin investors was in violation of Section 12.F of the Act.
52. Section 12.G of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.
53. That by virtue of the foregoing, each and every sale made by Respondents to each of the Illinois and Wisconsin investors was in violation of Section 12.G of the Act.
54. Section 12.I of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.
55. That by virtue of the foregoing, each and every sale made by Respondents to each of the Illinois and Wisconsin investors was in violation of Section 12.I of the Act.

COUNT II: Fraud

Respondent Misrepresented Facts to Investors in Connection With The Sale of the Rancho Blanco Oil and Gas Interests

56. Paragraphs 1-52 are realleged and incorporated by reference.
57. Respondents, in order to induce Investors to purchase interests in Rancho Blanco oil wells, represented to Investors that there were practically no risks involved in the purchase of the interests.
58. Specifically, Respondents misrepresented to Illinois investors that the only risk factor involved in the purchase of the Rancho Blanco oil interests was the chance of a natural disaster or war interfering with the operations of the wells.
59. In addition, the Respondents represented to investors that purchasing the Rancho Blanco oil and gas interests was a better investment than putting their money into stocks.
60. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in conjunction with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.

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61. That by virtue of the foregoing, each and every sale made by Respondents to each of the Illinois and Wisconsin investors was in violation of Section 12.F of the Act.
62. Section 12.G of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.
63. That by virtue of the foregoing, each and every sale made by Respondents to each of the Illinois and Wisconsin investors was in violation of Section 12.G of the Act.
64. Section 12.I of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.
65. That by virtue of the foregoing, each and every sale made by Respondents to each of the Illinois and Wisconsin investors was in violation of Section 12.I of the Act.

COUNT III:**Failure to Sell Securities In Accordance With the Provisions of the Act**

66. Paragraphs 1-62 are realleged and incorporated by reference.
67. At no time were any of the Respondents registered to sell securities in the State of Illinois.
68. The participations in the Rancho Blanco #5 oil interests were never registered with the Secretary of State.
69. The participations in the Rancho Blanco #6 oil interests were never registered with the Secretary of State.
70. The participations in the Rancho Blanco #7 oil interests were never registered with the Secretary of State.
71. No filing of any report by either of the Respondents was made in reliance upon any exemption provided by the Illinois Securities Law for registration of the oil interests.

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72. That Section 12.A of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to offer or sell any security except in accordance with the provisions of this Act.
73. That by virtue of the activity in paragraphs 1-68, Respondent violated Section 12.A of the Act.
74. That Section 12.B of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to deliver to any purchaser any security required to be registered under Section 5, Section 6 or Section 7 hereof unless accompanied or preceded by a prospectus that meets the requirements of the pertinent subsection of Section 5 or of Section 6 or of Section 7.
75. That by virtue of the activity in paragraphs 1-68, Respondent violated Section 12.B of the Act.

You are further notified that you are required pursuant to Section 1104 of the Rules to file an Answer to the allegations outlined above, a Special Appearance pursuant to Section 1107 of the Rules, or other responsive pleading within thirty (30) days of receipt of this notice. Your failure to do this within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.

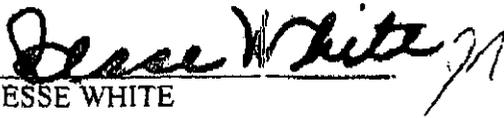
Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to appear shall constitute default by you.

The Rules promulgated under the Act and pertaining to Hearings held by the office of the Secretary of State, Securities Department may be viewed online at <http://www.cyberdriveillinois.com/departments/lawrules.html>.

Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 8th day of December, 2008.

Attorney for the Secretary of State:
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JESSE WHITE
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