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Texas State Securities Board

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IN THE MATTER OF HUGHES
ENERGY, INC., CARL E. ROYSE
AND BRADLEY K. CLARK

§
§
§

Order No. **ENF-05-CDO-1595**

TO: Hughes Energy, Inc.
215 SE 3rd Street
Fairfield, Illinois 62837

Carl E. Royse
215 SE 3rd Street
Fairfield, Illinois 62837

Bradley K. Clark
215 SE 3rd Street
Fairfield, Illinois 62837

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. 2005) ("Texas Securities Act").

The Staff of the Enforcement Division of the Texas State Securities Board has presented evidence sufficient for the Securities Commissioner to find that:

FINDINGS OF FACT

1. Respondent Hughes Energy, Inc. maintains a last known address at 215 SE 3rd Street, Fairfield, Illinois 62837.
2. Respondent Carl E. Royse maintains a last known address at 215 SE 3rd Street, Fairfield, Illinois 62837 and holds himself out as the owner and president of Respondent Hughes Energy, Inc.

3. Respondent Bradley K. Clark maintains a last known address at 215 SE 3rd Street, Fairfield, Illinois 62837 and holds himself out as vice-president of Respondent Hughes Energy, Inc.
4. Respondents are offering for sale in Texas working interests in an oil well known as the Gregory No. 5 located in Wayne County, Illinois. The offering documents represent that a Hughes Energy, Inc. project is a "very low risk endeavor." Respondents maintain websites at www.hughesenergy.us and www.hughesenergyinc.com. Respondents represent that the principals of Hughes Energy, Inc. are Carl Royse, David Royse, and Bradley K. Clark.
5. In connection with the offer for sale of the above-described working interests, Respondents are intentionally failing to disclose the following material facts:
 - a. Hughes Energy, Inc., Carl E. Royse, and Bradley K. Clark were the subjects of a Summary Order to Cease and Desist issued by the Pennsylvania Securities Commission on April 5, 2005, In the Matter of: Hughes Energy, Inc., Carl E. Royse, Bradley K. Clark, Docket No. 2005-03-14;
 - b. Carl E. Royse was the subject of an Order to Cease and Desist issued by the Missouri Secretary of State Securities Division on February 4, 1998, In the Matter of Gemco Oil Development, Inc., Carl E. Royse, Jeannette A. Riley, Order No. CD-98-10;
 - c. Carl E. Royse and Bradley K. Clark were the subjects of an Order of Prohibition (Consent) issued by the Commissioner of Securities for the State of Wisconsin on December 29, 1992, In the Matter of Gemco Oil Development, Inc., Elroy Royse, Bradley K. Clark, Burt Weston, File No. X-92039 (E);
 - d. Information regarding the assets, liabilities, profits, losses, cash flow and other financial data of Hughes Energy, Inc.; and
 - e. Information regarding the relevant risks associated with the purchase of the working interests.
6. In connection with the offer for sale of the above-described working interests, Respondents' representation that a Hughes Energy, Inc. project is a "very low risk endeavor" is materially misleading or otherwise likely to deceive the public in light of Respondents' failure to disclose the information set forth in Finding of Fact 5.

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 engaging in fraud in connection with the offer for sale of securities.

3. Respondents have made an offer containing a statement that is materially misleading or otherwise likely to deceive the public.
4. Respondents' conduct, acts, and practices threaten immediate and irreparable public harm.
5. 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 engaging in any fraud in connection with the offer for sale of any security in Texas.

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 6th day of
October, 2005


DENISE VOIGT CRAWFORD
Securities Commissioner