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2 **STATE OF CALIFORNIA**  
3 **BUSINESS, TRANSPORTATION AND HOUSING AGENCY**  
4 **DEPARTMENT OF CORPORATIONS**

5 TO: Sam Peter Frees, President and Manager  
6 E. Daryl Magette, President and Manager  
7 Fusion Exploration, LLC  
8 1201 Dove Street, Suite 475  
9 Newport Beach, CA 92660  
10 and  
11 1000 Bristol Street, Suite 126  
12 Newport Beach, CA 92660

13 **DESIST AND REFRAIN ORDER**  
14 **(For violations of section 25110 of the Corporations Code)**

15 The California Corporations Commissioner finds that:

16 1. Fusion Exploration, LLC (“Fusion Exploration”) is a limited liability company formed  
17 under the laws of Delaware on October 11, 2011. Its principal place of business is 1201 Dove Street,  
18 Suite 475, Newport Beach, CA 92660. It also has or had a principal place of business at 1000 Bristol  
19 Street, Suite 126, Newport Beach, CA 92660.

20 2. At all relevant times, Sam Peter Frees (“Frees”) and E. Daryl Magette (“Magette”) were both presidents and managers of Fusion Exploration.

21 3. According to its offering materials, Fusion Exploration raises funds for investment in  
22 oil and gas projects.

23 4. Beginning in 2012 or earlier, Frees, Magette, Fusion Exploration, directly and through  
24 their agents, offered and sold securities in the form of investment contracts to residents of California  
25 and elsewhere. The investment contracts are described in Fusion Exploration’s offering materials as  
26 units of working interest in oil and gas projects.

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1           5.         These securities were offered or sold in this state in issuer transactions. The  
2 Department of Corporations has not issued a permit or other form of qualification authorizing any  
3 person to offer or sell these securities in this state.

4           6.         Frees, Magette, Fusion Exploration, and their agents offered and sold these securities  
5 by means of general solicitation, including but not limited to telephone cold-calls to individuals with  
6 whom they had no preexisting relationship.

7           Based upon the foregoing findings, the California Corporations Commissioner is of the  
8 opinion that the investment contracts that are being or have been offered or sold by Sam Peter Frees,  
9 E. Daryl Magette, and Fusion Exploration, LLC are securities subject to qualification under the  
10 California Corporate Securities Law of 1968 and are being or have been offered or sold without being  
11 qualified in violation of Corporations Code section 25110. Pursuant to Corporations Code section  
12 25532, Sam Peter Frees, E. Daryl Magette, and Fusion Exploration, LLC are hereby ordered to desist  
13 and refrain from the further offer or sale in the State of California of securities, including but not  
14 limited to investment contracts, unless and until qualification has been made under the law or unless  
15 exempt.

16           This Order is necessary, in the public interest, for the protection of investors and consistent  
17 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

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19         Dated: April 29, 2013  
                Sacramento, California

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21                         JAN LYNN OWEN  
                              Commissioner of Corporations

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23                         By \_\_\_\_\_  
24                                 MARY ANN SMITH  
25                                 Deputy Commissioner  
                                      Enforcement Division

1 JAN LYNN OWEN  
Commissioner of Corporations  
2 MARY ANN SMITH  
Deputy Commissioner  
3 JOYCE TSAI (SBN 241908)  
Corporations Counsel  
4 CALIFORNIA DEPARTMENT OF CORPORATIONS  
1350 Front Street, Room 2034  
5 San Diego, California 92101  
Telephone: (619) 525-4043  
6 Attorneys for the Complainant

7  
8 BEFORE THE DEPARTMENT OF CORPORATIONS  
9 OF THE STATE OF CALIFORNIA

10 )  
11 )  
In the Matter of the Desist and Refrain Order )  
against )  
12 ) **STIPULATION TO DESIST AND REFRAIN**  
**FUSION EXPLORATION, LLC;** ) **ORDER**  
13 **E. DARYL MAGETTE; and** )  
**SAM PETER FREES** )  
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19 IT IS HEREBY STIPULATED AND AGREED between Fusion Exploration, LLC; E. Daryl  
20 Magette; and Sam Peter Frees (collectively, "Respondents") and the Commissioner of Corporations  
21 ("Commissioner") as follows:

22 WHEREAS, Respondents admit the jurisdiction of the California Department of Corporations  
23 over their persons and over the subject matter of this Stipulation;

24 WHEREAS, Respondents waive the right to any hearing, including that provided by  
25 California Corporations Code sections 25532, subdivision (d), and 25609. Further, Respondents  
26 waive any and all review by a court of law, including that provided by California Government Code  
27 section 11523;

28 WHEREAS, all terms used, but not defined herein, shall have the meaning assigned to them

1 by the California Corporations Code;

2 WHEREAS, Respondents represent that no promises of any kind or nature whatsoever were  
3 made to induce Respondents to enter into this Stipulation, and that this Stipulation is a voluntary act  
4 on the part of Respondents;

5 WHEREAS, Respondents, without admitting or denying any of the findings contained within  
6 the Desist and Refrain Order (“Order”), in the form attached hereto as Exhibit A, hereby agree and  
7 stipulate to the Order;

8 WHEREAS, Respondents agree and acknowledge that nothing in this Stipulation shall  
9 preclude the Commissioner or her agents, officers, or employees, to the extent authorized by law,  
10 from referring any evidence or information regarding this matter to any other state or federal law  
11 enforcement official, or from assisting, cooperating, or co-prosecuting with regards to any  
12 investigation and/or action;

13 WHEREAS, Respondents Fusion Exploration, LLC, Sam Peter Frees, and E. Daryl Magette  
14 stipulate and agree to the finality of the Order. Respondents further understand and agree that the  
15 Order remains in effect and is public, and that Respondents shall not make any statement or  
16 representation that is inconsistent with this Stipulation or the Order. Respondents further understand  
17 and agree that this Stipulation does not prevent the Commissioner from taking future action in  
18 regards to this matter.

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This Stipulation may be executed in one or more counterparts, each of which shall be an original but all of which, together, shall be deemed to constitute a single document. A fax signature shall be deemed the same as an original signature.

JAN LYNN OWEN  
Commissioner of Corporations

Dated: 4/29/13

By \_\_\_\_\_  
Mary Ann Smith  
Deputy Commissioner

FUSION EXPLORATION, LLC and  
SAM PETER FREES

Dated: 4/26/13

By \_\_\_\_\_  
Sam Peter Frees

FUSION EXPLORATION, LLC and  
E. DARYL MAGETTE

Dated: 4/12/2013

By \_\_\_\_\_  
E. Daryl Magette