



STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS

IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Securities Act of Washington by:

Couch Oil & Gas, Inc.,  
Charles O. Couch,  
Robin Charlet,  
Kirk Porter,

Respondents.

) OAH No. 2015-DFI-0003  
) DFI Order No. S-14-1417-16-FO01

) FINAL DECISION & ORDER AFFIRMING INITIAL  
) ORDER ON SUMMARY JUDGMENT MOTION AS  
) TO COUCH OIL & GAS, INC. AND CHARLES O.  
) COUCH

THIS MATTER has come before the Director ("Director") of the Washington State Department of  
Financial Institutions ("Department") for entry of the Director's Final Decision & Order pursuant to RCW  
34.05.464.

1.0 PROCEDURAL HISTORY

On May 23, 2014, the Director, through Securities Administrator William M. Beatty  
("Administrator Beatty"), entered a Statement of Charges and Notice of Intent to Enter Order to Cease and  
Desist, to Impose Fines, and to Charge Costs, S-14-1417-14-SC01, ("Statement of Charges") against  
Respondents COUCH OIL & GAS, INC., CHARLES O. COUCH, ROBIN CHARLET, and KIRK  
PORTER. Respondents each submitted a timely Application for Adjudicative Hearing to the Department.  
On October 8, 2014, Respondent Kirk Porter and Administrator Beatty entered into Consent Order S-14-  
1417-14-CO01, which settled the Statement of Charges as to Kirk Porter.

1 On January 22, 2015, the Department requested that the Office of Administrative Hearings  
2 (“OAH”) assign an Administrative Law Judge (“ALJ”) to schedule and conduct a hearing on the Statement  
3 of Charges as to Respondents Couch Oil & Gas, Inc., Charles O. Couch, and Robin Charlet. OAH assigned  
4 the matter to ALJ Jeffrey Friedman, who conducted a Prehearing Conference on February 25, 2015. On  
5 February 26, 2015, ALJ Jeffrey Friedman issued a Notice of Hearing and Prehearing Conference Order,  
6 which established discovery and dispositive motion deadlines and scheduled an evidentiary hearing. The  
7 matter was subsequently reassigned to ALJ Lisa N.W. Dublin (“ALJ Dublin”). On August 5, 2015, ALJ  
8 Dublin granted the Department’s unopposed Motion to Continue and, among other things, continued the  
9 dispositive motion filing deadline to November 23, 2015, the dispositive motion response deadline to  
10 December 4, 2015, the dispositive motion reply deadline to December 9, 2015, and the dispositive motion  
11 hearing to December 14, 2015.

12 On November 23, 2015, the Department filed a Motion for Summary Judgment as to Couch Oil &  
13 Gas, Inc., Charles O. Couch, and Robin Charlet. On December 3, 2015, the Department agreed to  
14 settlement terms with Respondent Robin Charlet. The Department notified OAH of the settlement in  
15 principal and requested that ALJ Dublin suspend her consideration of the Department’s Motion for  
16 Summary Judgment as to Robin Charlet. On December 4, 2015, Respondents Couch Oil & Gas, Inc. and  
17 Charles O. Couch filed a response to the Department’s summary judgment motion, and the Department  
18 subsequently filed a timely reply.

19 On December 14, 2015, a hearing was held on the Department’s Motion for Summary Judgment, at  
20 which the Department and Respondents were all represented by counsel. On December 24, 2015,  
21 Administrator Beatty entered into Consent Order S-14-1417-15-CO03 with Respondent Robin Charlet,  
22 which settled the Statement of Charges as to Robin Charlet. On December 29, 2015, ALJ Dublin was  
23 forwarded Consent Order S-14-1417-15-CO03, which effectively withdrew Robin Charlet’s appeal.  
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1 On January 13, 2016, ALJ Dublin issued an Initial Order on Summary Judgment Motion (“Initial  
2 Order”). On January 13, 2016, OAH served the Initial Order on Respondents Couch Oil & Gas, Inc. and  
3 Charles O. Couch by first class mail. In the Initial Order, ALJ Dublin granted the Department’s Motion for  
4 Summary Judgment, finding that no genuine issue of fact remained that Respondents Couch Oil & Gas,  
5 Inc. and Charles O. Couch violated Chapter 21.20 RCW as set out in the Statement of Charges. The Initial  
6 Order also ordered that Respondents cease and desist from any further violations of the Securities Act of  
7 Washington, pay a fine of \$20,000 each, and pay investigative costs of \$1,500 each.

8 Pursuant to RCW 34.05.464 and WAC 10-08-211, Respondents had twenty (20) days from the date  
9 of service of the Initial Order to file a Petition for Review with the Director of the Department.  
10 Respondents Couch Oil & Gas, Inc. and Charles O. Couch did not file a Petition for Review during the  
11 statutory period.

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13 **2.0 RECORD ON REVIEW**

14 The record presented to the Director for his review and for entry of a Final Decision & Order is the  
15 entire record on review from OAH, including the following:

- 16 2.1 Statement of Charges, with documentation of service;
- 17 2.2 Application for Adjudicative Hearing for Couch Oil & Gas, Inc. and Charles O. Couch;
- 18 2.3 Request to OAH for Assignment of Administrative Law Judge;
- 19 2.4 Notice of Hearing and Prehearing Conference Order dated February 26, 2015;
- 20 2.5 Order on Motion to Continue, Notice of Hearing, and First Amended Prehearing Conference  
21 Order dated August 5, 2015;
- 22 2.6 Department’s Motion for Summary Judgment;
- 23 2.7 Respondents Couch Oil & Gas, Inc. and Charles Couch’s Response to Motion for Summary  
24 Judgment;
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1 2.8 Division's Reply on Summary Judgment; and

2 2.9 Initial Order on Summary Judgment Motion, with documentation of service.

3 3.0 DIRECTOR'S CONSIDERATIONS

4 The Director reviews the record in each matter calling for entry of a final decision and order, even in  
5 the absence of a petition for review. The Director has made a review of the Statement of Charges in  
6 relation to the language of the Initial Order and finds (1) that the Statement of Charges sets forth claims  
7 upon which relief can be granted *as pleaded*, (2) that the Facts for Purpose of Summary Judgment and  
8 Conclusions of Law in the Initial Order are consistent with what the Securities Division pleaded in the  
9 Statement of Charges, and (3) that the sanctions, fines, and fees imposed are not in excess of the prayer for  
10 relief in the Statement of Charges. On this basis, the Director affirms the Initial Order of ALJ Dublin,  
11 subject to non-substantive modifications set forth in Paragraph 3.1 below.

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13 3.1 The Initial Order Contains a Scrivener's Error. In Paragraph 4.13 of the Initial Order, ALJ  
14 Dublin finds that Washington resident Gomer *Jones* entered into a Subscription Agreement with Couch Oil  
15 in October 2010. A review of the record indicates that this is clearly a scrivener's error. The first sentence of  
16 Section 4.13 is corrected to: In October 2010, Washington resident Gomer Owens entered into an identical  
17 Subscription Agreement with Couch Oil.

18 4.0 FINDINGS OF FACT AND CONCLUSIONS OF LAW

19 4.1 Findings of Fact. The Director affirms Section 3.0 of this Order and Paragraphs 4.1 through  
20 4.13, inclusive, of the Initial Order.

21 4.2 Conclusions of Law. The Director affirms Section 3.0 of this Order and Paragraphs 5.1  
22 through 5.26, inclusive, of the Initial Order.

23 4.3 Affirmation of Initial Order. The Director affirms Paragraphs 6.1 through 6.3, inclusive, of  
24 the Initial Order.  
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1       5.0    FINAL DECISION & ORDER

2           Based upon the Findings of Fact, Conclusions of Law, and Affirmation of Initial Order above,  
3   NOW, THEREFORE, IT IS HEREBY ORDERED:

4           5.1    Respondents COUCH OIL & GAS, INC. and CHARLES O. COUCH shall cease and desist  
5   from any further violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140.

6           5.2    Respondent COUCH OIL & GAS, INC. is liable for and shall pay to the order of  
7   WASHINGTON STATE DEPARTMENT OF FINANCIAL INSTITUTIONS a fine of Twenty Thousand  
8   Dollars (\$20,000.00).

9           5.3    Respondent CHARLES O. COUCH is liable for and shall pay to the order of  
10   WASHINGTON STATE DEPARTMENT OF FINANCIAL INSTITUTIONS a fine of Twenty Thousand  
11   Dollars (\$20,000.00).

12           5.4    Respondent COUCH OIL & GAS, INC. is liable for and shall pay to the order of  
13   WASHINGTON STATE DEPARTMENT OF FINANCIAL INSTITUTIONS a fee of One Thousand Five  
14   Hundred Dollars (\$1,500.00) for the costs of investigating said Respondent's violations of the Securities  
15   Act of Washington, Chapter 21.20 RCW.

16           5.5    Respondent CHARLES O. COUCH is liable for and shall pay to the order of  
17   WASHINGTON STATE DEPARTMENT OF FINANCIAL INSTITUTIONS a fee of One Thousand Five  
18   Hundred Dollars (\$1,500.00) for the costs of investigating said Respondent's violations of the Securities  
19   Act of Washington, Chapter 21.20 RCW.

20           6.0    RECONSIDERATION. Pursuant to RCW 34.05.470, Respondents have the right to file a Petition  
21   for Reconsideration stating the specific grounds upon which relief can be requested. The Petition must be  
22   filed in the Office of the Director of the Department of Financial Institutions by courier at 150 Israel Road  
23   SW, Tumwater, Washington 98501, or by US Mail at PO Box 41200, Olympia, Washington 98504-1200,  
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1 within ten (10) days of service of the Final Decision & Order upon Respondent. The Petition for  
2 Reconsideration shall not stay the effectiveness of this order nor is a Petition for Reconsideration a  
3 prerequisite for seeking judicial review in this matter. A timely Petition for Reconsideration is deemed  
4 denied if, within twenty (20) days from the date the petition is filed, the agency does not (a) dispose of the  
5 petition or (b) serve the parties with a written notice specifying the date by which it will act on a petition.

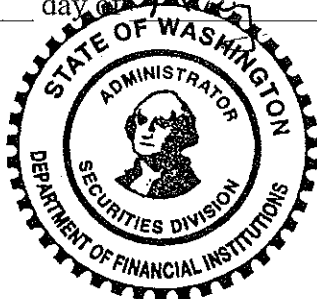
6 7.0 STAY OF ORDER. The Director has determined not to consider a Petition to Stay the effectiveness  
7 of this order. Any such requests should be made in connection with a Petition for Judicial Review made  
8 under Chapter 34.05 RCW and RCW 34.05.550.

9 8.0 JUDICIAL REVIEW. Respondents have the right to petition the superior court for judicial review  
10 of this agency action under the provisions of Chapter 34.05 RCW. For the requirements for filing a Petition  
11 for Judicial Review, see RCW 34.05.510 and sections following.

12 9.0 NON-COMPLIANCE WITH ORDER. If Respondents do not comply with the terms of this order,  
13 the Department may seek enforcement of the order by the Office of the Attorney General to include the  
14 collection of fines and fees imposed herein. Failure to comply with this Final Decision & Order may also  
15 prompt additional actions against Respondents by the Department as permitted by the Securities Act of  
16 Washington, Chapter 21.20 RCW, for failure to comply with a lawful order of the Department.

17 10.0 SERVICE. For purposes of filing a Petition for Reconsideration or a Petition for Judicial Review,  
18 service of this Final Decision & Order is effective upon its deposit in the US Mail with a declaration of  
19 service attached hereto.  
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21 DATED this 13<sup>th</sup> day of July, 2016.



22 WASHINGTON STATE DEPARTMENT OF  
23 FINANCIAL INSTITUTIONS

24   
25 SCOTT JARVIS, Director