

**STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT**

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**IN THE MATTER OF: Mid-America Energy, Inc.,**  
**Gary Milby**  
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**FILE NO. 0700007**

ORDER OF PROHIBITION

TO THE RESPONDENTS: Mid-America Energy, Inc.  
129 Haven St.  
Unit A  
Hendersonville, TN 37075

Gary Milby  
493 Pleasant Run Church Road,  
Campbellsville, Kentucky 42718

WHEREAS, a Temporary Order of Prohibition was issued by the Secretary of State on November 30, 2007 temporarily prohibiting Respondents from offering or selling securities in the State of Illinois until further order of the Secretary of State.

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of a Temporary Order shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Temporary Order final.

WHEREAS, Respondents have failed to request a hearing on the matters contained in the Temporary Order within thirty (30) calendar days of the entry of said Temporary Order and Respondents are hereby deemed to have admitted the facts alleged in the said Temporary Order.

WHEREAS, the Secretary of State, by and through his duty authorized representatives, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's Final Findings of Fact as follows:

**Failure to Disclose Material Information to Investors In Connection With the Sale of Securities**

1. That Respondent Mid-America Energy Inc. (hereinafter "Mid-America" and together with Gary Milby, the "Respondents") is a Nevada corporation with a last known address of 129 Haven St., Unit A, Hendersonville, TN 37075.
2. That Mid-America is in the business of organizing the process of drilling, and operating oil wells on leased properties.
3. That Gary Milby (hereinafter "Milby" and together with Mid-America (the Respondents)) currently resides at 493 Pleasant Run Church Road, Campellsville, Kentucky 42718.
4. That Respondent Gary Milby at all relevant times was President of Mid-America.
5. That Investor at all relevant times was an Illinois citizen.
6. That Respondents, on or about March 16, 2006, solicited Investor by telephone to purchase from Respondent a security in the form of a net revenue interest in Black Gold Oil #9, LLP, an oil and gas developmental well project, for \$24,000.
7. That on March 16, 2006, Respondents sold a revenue interest in Black Gold Oil #9, LLP for \$24,000 to Investor.
8. That in exchange for Investor's \$24,000 Respondent promised Investor a two percent net revenue interest in Black Gold Oil #9, LLP.
9. That Respondents signed and mailed Investor a certificate identifying Investor's two percent net revenue interest in Black Gold Oil #9.
10. That at no time did Respondents ever disclose to Investor the risks involved with investing in the securities that Respondents sold him.
11. That specifically, while Respondents promised a 2 percent net revenue interest to Investor, Respondents did not disclose at the time of the sale:
  - a. That on June 9, 2005, the Office of the General Counsel of the Railroad Commission of Texas served and filed a complaint against Gary M. Milby, President of Mid-America Oil and Gas for violations of four regulatory rules in relation to the operation of an oil well lease in Runnels County, Texas.
  - b. That this complaint ultimately resulted in the Railroad Commission of Texas entering a Final Order on January 2006, fining Milby \$4,000 and forbidding Milby, or any organization in which he may hold a position of

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ownership or control, from drilling oil in Texas for a period of seven years.

- c. That the Pennsylvania Securities Commission issued a Summary Order to Cease and Desist against Mid-America Energy and Milby.
  - d. That Milby had filed a Chapter Seven bankruptcy petition on November 5, 2003 resulting in discharge on March 17, 2004.
12. That the above-mentioned material omissions of fact address the Respondents' ability both to comply with existing Securities Regulations and to remain in business.
  13. That the activities described above constitute the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").
  14. That 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.
  15. That by virtue of the foregoing, Respondent violated Section 12.F of the Act.
  16. That 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.
  17. That by virtue of the foregoing, Respondent violated Section 12.G of the Act.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusions of Law contained in the said Temporary Order as the Secretary of State's Conclusion of Law as follows:

1. By virtue of the foregoing, Respondents violated 12.F of the Act.
2. By virtue of the foregoing, Respondents violated 12.G of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondent **Gary Milby**, and Respondent **Mid-America Energy Inc.**, its board members, agents, affiliates, successors and employees, are permanently **PROHIBITED** from offering or selling securities in the State of Illinois.

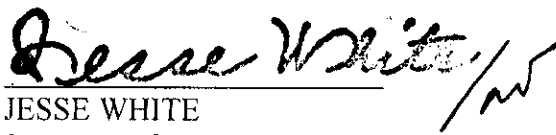
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NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order shall be a violation of Section 12.d of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of Class 4 felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, 735 ILCS 5/3-101 et seq. And the Rules and Regulations of the Illinois Securities Act (14 Ill. Admin. Code, Ch. I, Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

Dated: This 16<sup>th</sup> day of January 2008

  
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JESSE WHITE  
Secretary of State  
State of Illinois

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