

STATE OF NORTH DAKOTA
SECURITIES DEPARTMENT

In the Matter of New Hi-Tech Oil & Gas Discoveries, LLC, and Dennis W. Stutes,)	STOP ORDER SUMMARILY
)	SUSPENDING THE OFFER
)	AND SALE OF FEDERAL
)	COVERED SECURITIES AND
Respondents.)	NOTICE OF RIGHT TO
)	REQUEST A HEARING

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THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA TO THE ABOVE-NAMED RESPONDENTS:

The North Dakota Securities Commissioner has a reasonable basis to believe that the Respondents have engaged in, are engaging in, or are about to engage in, acts, practices or transactions, as more fully described below, which are prohibited under Chapter 10-04 of the North Dakota Century Code (N.D.C.C.). It is necessary and appropriate in the public interest and for the protection of investors to restrain these acts, practices, or transactions of the Respondents.

1. New Hi-Tech Oil & Gas Discoveries, LLC, is a North Dakota limited liability company with its principal place of business at 476 Pamilar Avenue, San Jose, California. At all time relevant hereto, Respondent company was operated and controlled by Respondent Dennis W. Stutes, its Manager.
2. On June 1, 2012, New Hi-Tech Oil & Gas Discoveries, LLC, filed with the North Dakota Securities Department a FORM D notice of its intent to offer for sale and sell membership interests in New Hi-Tech Oil & Gas Discoveries, LLC to investors in the state of North Dakota under an exemption from registration known as

Regulation D, Rule 506. These membership interests are securities as defined in N.D.C.C. §10-04-02(19).

3. The Private Placement Memorandum for this offering includes a section describing prior “LEGAL AND REGULATORY PROCEEDINGS “ involving the company and the Manager, Dennis W. Stutes. As to state securities actions the PPM states: “While with respect to the Manager and/or previous business ventures in which the Manager has been involved there have been a few minor matters involving state securities administrators, though not the SEC, in resolution those matters did not prohibit Mr. Stutes from offering or selling securities provided such offers and sales were made in conformity with applicable securities law.” The PPM fails to disclose the following material facts, which were necessary to make the statements made, in light of the circumstances under which they were made, not misleading:
 - a. That Respondent Stutes had been the subject of a Cease and Desist Order issued on June 3, 1987, by the Iowa Superintendent of Securities.
 - b. That Respondent Stutes had been the subject of a Cease and Desist Order issued on December 12, 1991, by the Oklahoma Department of Securities as a result of his offer and sales of unregistered securities in violation of state securities laws, in the form of limited partnerships in oil and gas ventures.
 - c. That Respondent Stutes had been the subject of an Administrative Complaint and Cease and Desist Order issued on October 5, 1990, by the Indiana Securities Division and entered into a Consent Agreement thereunder on April 13, 1992.

- d. That Respondent Stutes had been the subject of a Summary Order of Prohibition issued on March 18, 1991, by the Wisconsin Division of Securities.
 - e. That Respondent Stutes had been the subject of a Desist and Refrain Order issued on March 28, 2008, by the California Department of Corporations as a result of his offer and sales of unregistered securities in violation of state securities laws, in the form of units of working interests in oil and gas ventures.
 - f. That Respondent Stutes had been the subject of a Preliminary Order to Cease and Desist issued on August 28, 2008, by the Hawaii Commissioner of Securities and entered into a Consent Order thereunder on July 17, 2009, in which the Commissioner found fraud in the sale of oil and gas ventures and Respondent Stutes agreed to pay an Administrative Penalty of \$30,000 and to his permanent bar as a securities agent, broker-dealer, investment adviser or investment adviser representative in the state.
4. These failures to disclose material information to potential investors constitute material omissions and therefore Respondents engaged in fraudulent practices in violation of N.D.C.C. § 10-04-15(2).
 5. Pursuant to N.D.C.C. § 10-04-16, when it shall appear to the Commissioner that any person has engaged in, or is engaging in, or is about to engage in any act or practice which is declared in violation of Chapter 10-04 of the North Dakota Century Code, the Securities Commissioner has the authority to issue any order, including cease and desist, rescission, stop, and suspension orders, which the commissioner deems necessary or appropriate in the public interest or for the protection of investors. Pursuant to N.D.C.C. § 10-04-08.4(4), the Securities Commissioner has

the authority to summarily suspend the offer and sale of a federal covered security in this state if it is found to be in the public interest. The violations described above are sufficient grounds for the Commissioner to issue a stop order suspending the offer and sale of membership interests in New Hi-Tech Oil & Gas Discoveries, LLC by Respondents.

6. The following Order is necessary and appropriate in the public interest and for the protection of investors.


NOW, THEREFORE, IT IS ORDERED, pursuant to N.D.C.C. § 10-04-16(1) and N.D.C.C. § 10-04-08.4(4), that the Respondents, New Hi-Tech Oil & Gas Discoveries, LLC, and Dennis W. Stutes, shall immediately stop offering for sale or selling the membership interests in New Hi-Tech Oil & Gas Discoveries, LLC or any other securities, or effecting transactions in securities, in North Dakota.

NOTICE OF RIGHT TO REQUEST A HEARING

YOU ARE NOTIFIED that, pursuant to N.D.C.C. § 10-04-12, you may request a hearing before the Securities Commissioner if such a request is made in writing WITHIN FIFTEEN (15) DAYS AFTER THE RECEIPT OF THIS ORDER. The Respondents have the right to be represented by legal counsel at the hearing.

IN TESTIMONY WHEREOF, witness my hand and seal this 13th day of August, 2012.





Karen J. Tyler, Securities Commissioner
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