

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

IN THE MATTER OF: DIESEL ENERGY
INTERNATIONAL, L.L.C.

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FILE NO. 0400194

ORDER OF REVOCATION

TO THE RESPONDENT: Diesel Energy International, L.L.C
(B/D #104484)
4144 North Central Expressway
Suite 400 LB 31
Dallas, Texas 75204

WHEREAS, the above-captioned matter came on to be heard on November 24, 2004, pursuant to the Notice of Hearing dated September 10, 2004, FILED BY Petitioner Secretary of State, and the record of the matter under the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") has been reviewed by the Secretary of State or his duly authorized representative.

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State.

WHEREAS, the proposed Findings of Fact, Conclusions of Law and Recommendations of the Hearing Officer, James G. Athas, Esq. in the above-captioned matter have been read and examined.

WHEREAS, the proposed Findings of Fact of the Hearing Officer are correct and are hereby adopted as the Findings of Fact of the Secretary of State:

1. Section 130.1102 of Subpart K of the Rules and Regulations under the Illinois Securities Law of 1953 (the "Rules and Regulations") states that each respondent shall be given Notice of Hearing at least 45 days prior to the first date set for any hearing under the Act. Proper notice is given by depositing a Notice of Hearing with the United States Postal Service, either by certified or registered mail, return receipt requested, or by personal service of the Notice of Hearing, to the last known address of the respondent.

The filing of an application for registration under Section 8 of the Act, or the offer, sale, or delivery of securities in the State of Illinois, whether effected by

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mail or otherwise, by any person shall be equivalent to and shall constitute an appointment of the Secretary of State by the person and the issuer of the securities to be the true and lawful attorney for the person upon whom, may be served all lawful process in any action or proceeding against the person, arising out of the offer or sale of the securities. [815 ILCS 5/10(B)(1)]. Section 130.1001 of Subpart J of the Rules and Regulations provides, in part, that any notice to be served upon the Secretary of State under the Act shall be made by delivering personally to the Securities Director, or any employee of the Department designated by the Securities Director to accept such service on behalf of the Secretary of State, or by sending by registered mail or certified mail return receipt requested, a copy of the notice to the Department. Service of any notice hereunder shall be made with the Springfield or Chicago office of the Department during regular business hours. Notice of the service of process upon the Secretary of State and a copy of the process shall, within 10 days after service is made or effected, be sent by registered or certified mail, return receipt requested, by the Department to the respondent at the last known address of the Respondent. [815 ILCS 5/10(B)(2)]. The Secretary of State shall keep a record of all such processes that shall show the date of service.

2. On September 10, 2004, the Department served Respondent with the Notice of Hearing for File No. 04000194 with a hearing date set for October 27, 2004, by giving to Respondent at Respondent's last known address by the Department's deposit of the same with the United States Postal Service via certified mail, return receipt requested. As September 10, 2004 is a date more than 45 days prior to the first hearing date of October 27, 2004, Respondent was properly served notice as required by the Act. On the Department's motion, the Hearing Officer executed an Order of Continuance, which Order, dated October 29, 2004, continued the hearing from October 27, 2004 to November 24, 2004. Said Order was given Respondent to Respondent's last known address by the Department's deposit of the same with the United States Postal Service via certified mail, return receipt requested.
3. Section 11.F(1) of the Act provides that the Secretary of State shall not undertake any action or impose a fine against a registered dealer within the State of Illinois for a violation of the Act without first providing the dealer an opportunity for hearing upon not less than 10 days' notice given by personal service or registered mail or certified mail, return receipt requested, to the person concerned. Group Exhibit 1 demonstrates that the Department fulfilled their statutory obligations of providing at least 45 days notice for the initial October 27, 2004 hearing and 10 day's notice for the November 24, 2004 hearing date to Respondent by certified mail, return receipt requested and registered mail, return receipt requested. Testifying at the hearing was Neil Eisbart of the Department, who testified that the Department was utilizing Respondent's correct address as taken from the Department's records and the Department had received the return receipts

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indicating Respondent received the Notice of Hearing and Order of Continuance. Hence the notice of the hearing date of November 24, 2004 was properly given Respondent. Therefore, as the Department gave proper notice of the hearing to Respondent, the Department has personal jurisdiction over Respondent.

4. The Hearing on this file occurred on November 24, 2004 at 10:00 A.M. The Department, through their enforcement officer Daniel A. Tunick, Esq., the Hearing Officer and Neil Eisbart, witness for the Department, were present. The Respondent was not present at the hearing and had not filed an Answer.
5. The Department offered exhibits, identified above, each of which was received and admitted into evidence, a proper record of all proceedings having been made and preserved as required.
6. No outstanding petitions, motions or objections exist as to this file.
7. At all material and relevant times, Respondent was registered with the Secretary of State as a dealer in the State of Illinois pursuant to Section 8 of the Act.
8. Section 8.B (9)(a) of the Act requires that each dealer registered in the State of Illinois file a "Designated Principal(s) Form" (DPF) with the Secretary of State by December 31 of the current year for the next calendar year. The Respondent failed to file its 2004 DPF by December 31, 2003. That on June 4, 2004, the Department sent a letter to Respondent by means of certified mail, return receipt requested regarding its failure to file the DPF. The letter reminded the Respondent of its failure to file the DPF and that it owed \$50.00 as a late filing fee. The Respondent received the above referenced letter on June 16, 2004. The Respondent has refused and continues to refuse to file the DPF and pay the late fee. On November 16, 2004, Neil Eisbart of the Department transmitted via email to Marsha Gunn of the Secretary of State's Office a notice that Respondent had not filed their DPF or paid the requisite late fee (see Exhibit 3 and witness testimony of Neil Eisbart).

WHEREAS, the proposed Conclusions of Law made by the Hearing Officer are correct and are hereby adopted as the Conclusions of Law of the Secretary of State:

1. The Secretary of State has jurisdiction over the subject matter pursuant to the Act.
2. Section 8.B(9)(a) of the Act requires that each dealer registered in the State of Illinois file a DPF with the Secretary of State by December 31 of the current year for the next calendar year.
3. Section 12.A of the Act provides, *inter alia*, that it shall be a violation of the provisions of the Act for any person to offer or sell any security except in accordance with the provision of the Act.

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4. Section 12.D of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.
5. Section 8.E(1)(g) of the Act provides, *inter alia*, that the registration of a dealer may be revoked if the Secretary of State finds that it has violated any provision of the Act.
6. The Respondent failed to file its 2004 DPF by December 31, 2003. That on June 4, 2004, the Department sent a letter to Respondent by means of certified mail, return receipt requested regarding its failure to file the DPF. The letter reminded the Respondent of its failure to file the DPF and that it owed \$50.00 as a late filing fee. The Respondent received the above-referenced letter on June 16, 2004. The Respondent has refused and continues to refuse to file the DPF and pay the late fee. On November 16, 2004, Neil Eisbart of the Department transmitted via email to Marsha Gunn of the Secretary of State's Office a notice that Respondent had not filed their DPF or paid the requisite late fee (see Exhibit 3 and witness testimony of Neil Eisbart).
7. Under and by virtue of the foregoing, Respondent's registration as a dealer of securities in the State of Illinois is subject to revocation pursuant to Section 8.E (1)(g) of the Act.

WHEREAS, the Hearing Officer recommended that the Secretary of State should revoke the Respondent's registration as a dealer in the State of Illinois, and the Secretary of State adopts in it's entirety the Recommendation made by the Hearing Officer.

NOW THEREFORE, IT SHALL BE AND IS HEREBY ORDERED:

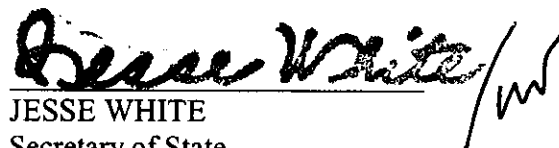
1. That Diesel Energy International, L.L.C.'s registration as a dealer in the State of Illinois is revoked pursuant to the authority provided under Section 8.E (1)(g) of the Act.

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2. That this matter is concluded without further proceedings.

DATED: ENTERED This 11th day of May 2005.


JESSE WHITE
Secretary of State
State of Illinois

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 Act (14 Ill. Admin. Code, Ch. 1 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.