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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

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

MCube Petroleum, Inc.;
Laramie Petroleum, Inc.;
Diski Petroleum, LLC;
Basilam Petroleum, LLC;
Halmahera - Rembang, LLC;
George Atwater;
and Robert Miracle,

Respondents.

Order Number S-06-101-06-SC01

STATEMENT OF CHARGES AND NOTICE
OF INTENT TO ISSUE AN ORDER TO
CEASE AND DESIST, IMPOSE FINES,
AND CHARGE COSTS

10 THE STATE OF WASHINGTON TO:

MCube Petroleum, Inc.
Laramie Petroleum, Inc.
Diski Petroleum, LLC
Basilam Petroleum, LLC
Halmahera - Rembang, LLC
George Atwater
Robert Miracle

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STATEMENT OF CHARGES

16 Please take notice that the Securities Administrator of the State of Washington has reason to believe
17 that Respondents, MCube Petroleum, Inc.; Laramie Petroleum, Inc.; Diski Petroleum, LLC; Basilam
18 Petroleum, LLC; Halmahera - Rembang, LLC; George Atwater; and Robert Miracle each violated the
19 Securities Act of Washington and that their violations justify the entry of an order of the Securities
20 Administrator against each to cease and desist from such violations pursuant to RCW 21.20.390, imposing
21 fines pursuant to RCW 21.20.395, and charging costs pursuant to RCW 21.20.390(5).

22 The Securities Administrator finds as follows:

23 STATEMENT OF CHARGES AND NOTICE OF
24 INTENT TO ISSUE AN ORDER TO CEASE AND
DESIST, IMPOSE FINES, AND CHARGE COSTS

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 **TENTATIVE FINDINGS OF FACT**

2 Respondents

3 1. Laramie Petroleum, Inc. (“Laramie”), a Washington corporation, was incorporated on
4 August 16, 2004 and is currently conducting business at 601 Union Street Suite 4620 Seattle, WA
5 98101. Laramie is purportedly an oil and gas service provider who supplies technology to find,
6 develop, construct, produce and manage petroleum preserves.

7 2. MCube Petroleum, Inc. (“MCube”), a Washington corporation, was incorporated on May
8 5, 2005 and is currently conducting business at 601 Union Street Suite 4620 Seattle, WA 98101.
9 MCube Petroleum is a company whose stated business purpose is to develop and operate foreign oil
10 and gas blocks, specifically in Malaysia.

11 3. Diski Petroleum, LLC (“Diski”), a Washington limited liability company, was filed with
12 the Secretary of State on December 8, 2005 and is currently conducting business at 601 Union Street
13 Suite 4620 Seattle, WA 98101. Diski, LLC was established for operation of the Diski block, which is
14 located in Indonesia. MCube purportedly owns 46% of the 130 outstanding Diski LLC units.

15 4. Basilam Petroleum, LLC (“Basilam”), a Washington limited liability company, was filed
16 with the Secretary of State on March 8, 2006 and is currently conducting business at 601 Union Street
17 Suite 4620 Seattle, WA 98101. Basilam, LLC was established for operation of the Batumandi and
18 Basilam blocks, which are located in Indonesia. MCube purportedly owns 48% of the 160 outstanding
19 Basilam LLC units.

20 5. Halmahera – Rembang, LLC (“Halrem”), a Washington limited liability company, was
21 filed with the Secretary of State March 27, 2006 and is currently conducting business at 601 Union
22 Street Suite 4620 Seattle, WA 98101. Halrem was formed as an investment vehicle to participate in

1 the oil and gas revenues from two blocks in Indonesia, the Halmahera block and Rembang block.
2 MCube purportedly owns 112 of the 250 outstanding LLC units of Halrem.

3 6. George Atwater (“Atwater”) is a resident of Everett, Washington. Atwater is the
4 Secretary and Treasurer of Laramie Petroleum, Inc. and the Secretary of MCube Petroleum, Inc.

5 7. Robert Miracle (“Miracle”) is a resident of Clyde Hill, Washington. Miracle is the
6 President of Laramie Petroleum, Inc. and the CEO of MCube Petroleum, Inc.

7 Nature of the Offering

8 8. Between October 2005 and September 2006, Miracle and Atwater offered and sold
9 investments in MCube, Laramie, Diski, Basilam and Halrem to at least 72 investors; at least 48 of the
10 investors are Washington residents. Some of the investors are not accredited or sophisticated and have
11 little or no experience investing in oil and gas ventures. The forms of the investments include:
12 promissory notes, common stock, and LLC units. The minimum investment amounts ranged from
13 \$25,000 to \$100,000. The investments made totaled at least \$22 million.

14 *Laramie Petroleum, Inc.*

15 9. As early as August 2004, Washington residents received shares of Laramie common
16 stock in consideration for work on prior business ventures with Miracle. The recipients of the shares
17 did not receive any offering or disclosure documents in connection with the offers and sales.

18 *MCube Petroleum, Inc.*

19 10. MCube offered and sold promissory notes as early as October 2005 to at least 18
20 investors. The investors were approached by employees of Laramie and/or MCube. The investors met
21 with Miracle, Atwater and employees of Laramie and/or MCube at the Seattle MCube offices where
22 they were offered an investment opportunity in the company. The rate of return on the promissory

1 note was 12% per annum. The minimum investment amount ranged from \$25,000 to \$100,000 per
2 note. With the purchase of a note investors also received shares of MCube common stock. Investors
3 did not receive any offering or disclosure documents in connection with the offering. MCube raised at
4 least \$935,000 with the offer and sale of the promissory notes and common stock.

5 *Diski Petroleum, LLC*

6 11. Diski, through MCube, conducted an offering of 64 LLC units in Diski for a total
7 offering of \$3.2 million. In December 2005, investors were invited to a MCube shareholder meeting
8 where they were told by Miracle about a new offering in Diski. Investors had the option to “roll-over”
9 their MCube promissory notes and invest additional funds to purchase Diski LLC units. Units were
10 sold to investors for \$50,000. The Diski offering materials projected there would be a return of
11 \$572,320 on the \$50,000 Diski investment over the life of 3.2 million barrel reserves. The offering
12 documents also specified the offering period was from December 9, 2005 through December 15, 2006.
13 Diski raised approximately \$3.25 million with the offer and sale of LLC units.

14 12. The Diski block is purportedly located in Indonesia. The Indonesian government oil
15 agency, Pertamina, has a Technical Assistance Contract with an undisclosed Indonesian entity.
16 MCube represents that it has entered into a Joint Operating Agreement with the undisclosed
17 Indonesian entity whereby MCube manages business revenues and costs related to the fields.

18 *Basilam Petroleum, LLC*

19 13. Basilam, through MCube, conducted an offering of 80 LLC units in Basilam for a total
20 offering of \$4 million. Units were sold to investors for \$50,000. Investors had the option to “roll-
21 over” their previous investments to purchase Basilam LLC units. The Basilam offering materials
22 projected there would be a return \$324,456 on the \$50,000 Basilam investment by 2010 (within six

1 years). The offering materials did not include financial statements, a detailed use of proceeds, general
2 risks associated with the oil and gas production or specific risks related to foreign business transactions
3 and entities, foreign law, or foreign government stability. The offering documents specified the
4 offering period was from February 10, 2006 through February 28, 2006. Basilam raised approximately
5 \$4 million with the offer and sale of LLC units.

6 14. The Basilam operation purportedly includes two oil blocks in Indonesia, Batumandi and
7 Basilam. The operation of these blocks is controlled by two Indonesian entities. The Indonesian
8 government oil agency, Pertamina, has agreements with the Indonesian entities in the form of a
9 Technical Assistance Contract or a Production Sharing Agreement. MCube represents that it has
10 entered into a Joint Operating and Cost Sharing Agreement with the two Indonesian entities whereby
11 MCube manages business revenues and costs related to the fields.

12 *Halmahera - Rembang Petroleum, LLC*

13 15. Halrem, through MCube, conducted an offering of 600 LLC units in Halrem for a total
14 offering of \$60 million. Units were sold to investors for \$100,000. Investors were solicited to attend
15 presentations at the MCube offices in Seattle regarding the Halrem offering. The units were offered
16 and sold from March 2006 through September 2006. MCube has purportedly sold 138 of these units
17 for a total investment of approximately \$13.8 million.

18 16. The Indonesian government oil agency, BP Migas, is said to have awarded the operation
19 and control of the Halmahera block to Halmahera Petroleum, Ltd, a British Virgin Islands entity,
20 wholly owned by MCube. MCube purportedly manages the business revenues and costs related to the
21 fields.

1 financial statements; use of proceeds; general risk factors related to oil and gas production; detailed
2 information regarding the oil block including the production, reserves, location, development and
3 nature of the interest; and specific risk factors related to foreign business transactions and entities,
4 foreign law, and foreign government stability.

5 21. Basilam failed to provide material information regarding the company including, but not
6 limited to: financial statements; use of proceeds; general risk factors related to oil and gas production;
7 detailed information regarding the oil blocks including the production, reserves, location, development
8 and nature of the interest; and specific risk factors related to foreign business transactions and entities,
9 foreign law, and foreign government stability.

10 22. Halrem failed to provide material information regarding the company including, but not
11 limited to: financial statements; use of proceeds; general risk factors related to oil and gas production;
12 detailed information regarding the oil block including the production, reserves, location, development
13 and nature of the interest; and specific risk factors related to foreign business transactions and entities,
14 foreign law, and foreign government stability.

15 23. MCube and Diski failed to provide a reasonable basis for its projections there would be a
16 return of \$572,320 on a \$50,000 Diski investment over the life of 3.2 million barrel reserves and failed
17 to disclose limitations on the projections.

18 24. MCube and Basilam failed to provide a reasonable basis for its projections there would
19 be a return of \$324,456 on a \$50,000 Basilam investment by 2010 (within six years) and failed to
20 disclose limitations on the projections.

1 25. MCube and Halrem failed to provide a reasonable basis for its projections there would be
2 a return \$5,090,760 on a \$100,000 Halrem investment within eighteen years and failed to disclose
3 limitations on the projections.

4 Registration Status

5 26. MCube Petroleum, Inc. is currently not registered to sell its securities in the State of
6 Washington and has not previously been so registered.

7 27. MCube Petroleum, Inc. is not currently registered as a broker-dealer in the State of
8 Washington and has not previously been so registered.

9 28. Laramie Petroleum, Inc. is currently not registered to sell its securities in the State of
10 Washington and has not previously been so registered.

11 29. Diski Petroleum, LLC is currently not registered to sell its securities in the State of
12 Washington and has not previously been so registered.

13 30. Basilam, LLC is currently not registered to sell its securities in the State of Washington
14 and has not previously been so registered.

15 31. Halmahera - Rembang, LLC is currently not registered to sell its securities in the State of
16 Washington and has not previously been so registered.

17 32. Miracle is not currently registered as a securities salesperson or broker-dealer in the State
18 of Washington and has not previously been so registered.

19 33. Atwater is not currently registered as a securities salesperson or broker-dealer in the State
20 of Washington and has not previously been so registered.

21 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:
22

1 **CONCLUSIONS OF LAW**

2 1. The offer and/or sale of the promissory notes, common stock, and LLC units described
3 above each constitute the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12).

4 2. Robert Miracle violated RCW 21.20.140, by offering and selling unregistered securities.

5 3. Robert Miracle violated RCW 21.20.040, by offering and selling said securities while not
6 registered as a securities salesperson or broker-dealer in the State of Washington.

7 4. George Atwater violated RCW 21.20.140, by offering and selling unregistered securities.

8 5. George Atwater violated RCW 21.20.040, by offering and selling said securities while
9 not registered as a securities salesperson or broker-dealer in the State of Washington.

10 6. MCube Petroleum, Inc. violated 21.20.140 by offering and selling unregistered securities.

11 7. MCube Petroleum, Inc. violated RCW 21.20.040, by offering and selling said securities
12 while not registered as a broker-dealer in the State of Washington.

13 8. Diski Petroleum, LLC violated 21.20.140 by offering and selling unregistered securities.

14 9. Basilam Petroleum, LLC violated 21.20.140 by offering and selling unregistered
15 securities.

16 10. Halmahera – Rembang, LLC violated 21.20.140 by offering and selling unregistered
17 securities.

18 11. The offer and/or sale of the MCube Petroleum, Inc.; Diski Petroleum, LLC; Basilam
19 Petroleum, LLC; and Halmahera - Rembang, LLC securities by Respondents were made in violation of
20 RCW 21.20.010 because, as set forth in the Tentative Findings of Fact, Respondents made
21 misstatements of material fact or omitted to state material facts necessary in order to make the
22 statements made, in light of circumstances under which they were made, not misleading.

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4 **NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST**

5 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities
6 Administrator intends to order that Respondents, MCube Petroleum, Inc.; Laramie Petroleum, Inc.; Diski
7 Petroleum, LLC; Basilam Petroleum, LLC; Halmahera - Rembang, LLC; George Atwater; and Robert
8 Miracle, and their agents and employees, shall each permanently cease and desist from violations of RCW
9 21.20.140 and RCW 21.20.010.

10 In addition, the Securities Administrator intends to order that Respondents, MCube Petroleum, Inc.;
11 George Atwater; and Robert Miracle, and their agents and employees, shall each permanently cease and
12 desist from violations of RCW 21.20.040.

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14 **NOTICE OF INTENT TO IMPOSE FINES**

15 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of
16 Law, the Securities Administrator intends to order that:

- 17 a. Respondents, MCube Petroleum, Inc.; Laramie Petroleum, Inc.; Diski Petroleum, LLC;
18 Basilam Petroleum, LLC; and Halmahera - Rembang, LLC, shall be jointly and
19 severally liable for and pay a fine of \$72,000;
- 20 b. Respondent Robert Miracle shall be liable for and pay a fine of \$10,000;
- 21 c. Respondent George Atwater shall be liable for and pay a fine of \$10,000.
- 22

1 **NOTICE OF INTENT TO CHARGE COSTS**

2 Pursuant to RCW 21.20.390(5), and based upon the Tentative Findings of Fact and Conclusions of
3 Law, the Securities Administrator intends to order that the Respondents, MCube Petroleum, Inc.; Laramie
4 Petroleum, Inc.; Diski Petroleum, LLC; Basilam Petroleum, LLC; Halmahera - Rembang, LLC; George
5 Atwater; and Robert Miracle, shall be liable for and pay the Securities Division the costs, fees and other
6 expenses incurred in the conduct of the administrative investigation and hearing of this matter.

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8 **AUTHORITY AND PROCEDURE**

9 This STATEMENT OF CHARGES AND NOTICE OF INTENT TO ISSUE AN ORDER TO
10 CEASE AND DESIST, IMPOSE FINES, AND CHARGE COSTS is entered pursuant to the provisions of
11 RCW 21.20.390 and RCW 21.20.395 and is subject to the provisions of Chapter 34.05 RCW. Each
12 Respondent may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO
13 DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order.

14 If a Respondent does not request a hearing, the Securities Administrator intends to adopt the above
15 Tentative Findings of Fact and Conclusions of Law as final, enter a permanent order against those
16 respondents to cease and desist from violations of the Securities Act, and enter an order imposing the fine
17 and charging costs, as described above.

18 DATED AND ENTERED this day 12th of December, 2006.

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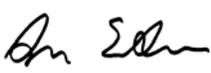
21 MICHAEL E. STEVENSON
22 Securities Administrator

23 Approved by:

Presented by:

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Suzanne Sarason
Chief of Compliance & Examinations



Angela R. Vogel
Enforcement Attorney