STATE OF NORTH CAROLINA

Department of The Secretary of State

THE NORTH CAROLINA SECURITIES DIVISION, Petitioner,	)	
vs.	)	**FINAL ORDER**
RED DIRT RISING, RLLP and GARY E. LEWALLEN, Respondents.	)	**FILE NO. 08-SEC-089**

THIS CAUSE coming on to be heard and being heard before the Secretary of State of the State of North Carolina (the "Secretary of State"), as Administrator of the North Carolina Securities Act; and

IT APPEARING to the Administrator that the undersigned Respondents, Red Dirt Rising, RLLP, hereinafter "Respondent Red Dirt" (a North Carolina Registered Limited Liability Partnership), and Gary E. Lewallen, hereinafter "Respondent Lewallen" (a natural person residing in Randolph County, North Carolina), each without admitting or denying any violation of any law, rule or regulation of the State of North Carolina, without admitting any liability to any person or entity whatsoever, and without admitting or denying those Finding of Facts so

identified, have consented to, and do not contest, the entry of a Final Order to resolve the matters described herein, as follows:

FINDINGS OF FACT

(1) Respondent Lewallen, a resident of Randolph County, North Carolina, and Respondent Red Dirt, a North Carolina Registered Limited Liability Partnership of which Respondent Lewallen is a General Partner, without admission or denial, do not contest the findings that between 2005 and 2007 Respondents raised money from residents of North Carolina to be used to finance the production of a motion picture and that the monies raised were secured by the issuance of limited liability partnership interests in Respondent Red Dirt to the persons who invested. The limited liability partnership interests were never registered with the Administrator as required by N.C.G.S. §78A-24.

(2) Respondents, without admission or denial, do not contest the findings that the conduct of each Respondent is within the subject matter jurisdiction of the Administrator and that each is personally subject to the jurisdiction of the Administrator.

(3) Each Respondent expressly waives any right to Notice of Rights and Opportunity for Hearing, a Notice of Hearing, a hearing, the making of findings of fact and conclusions of law, and all further proceedings before the Administrator or the Office of Administrative Hearings to which each may be entitled by law.

(4) Each Respondent expressly waives all rights to seek judicial review or otherwise challenge the validity of this Final Order.

(5) Respondents, without admission or denial, do not contest the finding that action by the Administrator to halt further conduct by Respondents in North Carolina in violation of

Chapter 78A, N.C.G.S., is in the public interest and is necessary for the protection of the public from further violations of the North Carolina Securities Act.

(6) This Final Order contains the entire agreement between the undersigned, there being no agreement of any kind, verbal or otherwise, which varies, alters, or adds to this Final Order. Each Respondent agrees that the presentation of this Final Order to the Administrator without the undersigned Respondents or any counsel for Respondent being present shall not constitute an improper *ex parte* communication between the Administrator and Petitioner or counsel for Petitioner. This Final Order shall be effective only after approval, issuance and entry by the Administrator.

(7) Each Respondent, by execution of this Final Order, affirmatively states that the Respondent has freely agreed to the signing of this Final Order, and that no threats, promises or offers of any kind, other than as stated in this document, have been made by the Securities Administrator, Deputy Securities Administrator, any member of the staff of the Securities Division, or any agent or employee of the Department of the Secretary of State in connection with the signing of this Final Order.

(8) Respondent Lewallen is represented in this matter by counsel, Jerry R. Everhardt. Respondent Red Dirt is not represented by counsel.

BASED UPON THE FOREGOING Findings of Fact, with the Respondents neither admitting nor denying, but not contesting the making of the following Conclusions of Law, the Administrator makes the following:

CONCLUSIONS OF LAW

(1) The limited liability partnership interests sold by Respondents to persons in North Carolina are securities as defined by N.C.G.S. §78A-2(11).

(2) Offers to sell these interests to persons in North Carolina constituted the offering for sale of securities as defined by N.C.G.S. §78A-2(8).

(3) Respondents, by offering to sell and selling the limited liability partnership interests to persons in North Carolina without registration with the Administrator, violated N.C.G.S. §78A-24.

(4) The Administrator has jurisdiction of the subject matter of the securities transactions with persons in North Carolina and the person of each Respondent.

(5) Action by the Administrator to halt further offers by each Respondent in violation of Chapter 78A, N.C.G.S., is in the public interest and necessary for the protection of the public from further violations of the North Carolina Securities Act.

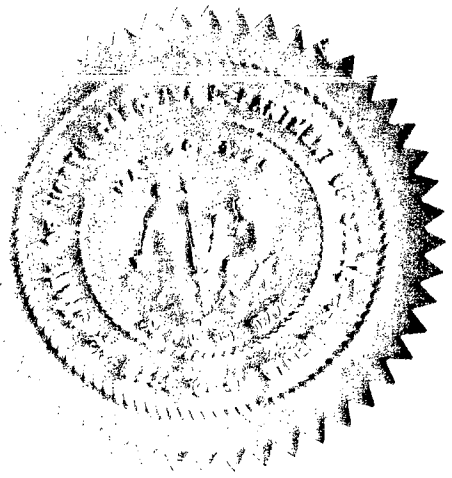
ORDER

NOW, THEREFORE, the Administrator, acting through her duly appointed Deputy Securities Administrator, pursuant to and under all authority granted by the North Carolina Securities Act, and with the consent of each Respondent, does hereby enter into this **FINAL ORDER**.

NOW, THEREFORE, with the consent of each Respondent, it is **HEREBY ORDERED** that each Respondent, unless first complying with Chapter 78A, N.C.G.S., the North Carolina Securities Act, shall cease and desist from offering to sell or selling securities of any kind in the State of North Carolina, including, but not limited to, limited liability partnership interests, or the securities offered by any other entity, to persons residing or located in the State of North Carolina,

This **FINAL ORDER** shall become final upon entry.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina Department of Secretary of State, this the 29th day of September 2008.



ELAINE F. MARSHALL
SECRETARY OF THE STATE OF
NORTH CAROLINA and
SECURITIES ADMINISTRATOR

By: _____
DAVID S. MASSEY
DEPUTY SECURITIES ADMINISTRATOR

CONSENT TO ENTRY OF FINAL ORDER BY RED DIRT RISING, RLLP

Red Dirt Rising, RLLP, hereby acknowledges that it has read, understands and consents to the entry of the foregoing **FINAL ORDER.** By agreeing to this **FINAL ORDER**, Respondent Red Dirt neither admits nor denies but does not contest the jurisdiction of the North Carolina Secretary of State, waives all objections to the Findings of Fact and Conclusions of Law contained in this Order; and consents to entry of this Order by the North Carolina Secretary of State as settlement of the matters described in this Order.

Dated this the 24 day of SEPTEMBER, 2008.

RED DIRT RISING, RLLP

By: Gary E. Lewallen

Gary E. Lewallen, General Partner

SUBSCRIBED AND SWORN TO before me this 24th day of September, 2008.

Laura W. Price

Notary Public

My Commission expires: 6-17-2013

NOTARY PUBLIC
LAURA W. PRICE
RANDOLPH COUNTY, NC
My Commission Expires 6-17-2013

CONSENT TO ENTRY OF FINAL ORDER BY GARY E. LEWALLEN

Gary E. Lewallen hereby acknowledges that he has read, understands and consents to the entry of the foregoing **FINAL ORDER.** By agreeing to this **FINAL ORDER**, Respondent Lewallen neither admits or denies but does not contest the jurisdiction of the North Carolina Secretary of State, waives all objections to the Findings of Fact and Conclusions of Law contained in this

Order; and consents to entry of this Order by the North Carolina Secretary of State as settlement of the matters described in this Order.

Dated this the 24 day of SEPTEMBER, 2008.

Gary E. Lewallen

Gary E. Lewallen

SUBSCRIBED AND SWORN TO before me this 24th day of September, 2008.

Laura W. Price
Notary Public

My Commission expires: 6-17-2013

NOTARY PUBLIC
LAURA W. PRICE
RANDOLPH COUNTY, NC
My Commission Expires 6-17-2013

CONSENTED TO BY COUNSEL FOR RESPONDENT LEWALLEN:

9/24/08

Jerry R. Everhardt
Attorney at Law