

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA**

CASE NO.:

SECURITIES AND EXCHANGE COMMISSION,)
)
Plaintiff,)
)
v.)
)
GLENN HOPPES,)
UNITED STATES ENERGY CORP.,)
TN-KY DEVELOPMENT FUND LP,)
TN-KY DEVELOPMENT FUND II LP, AND)
TN-KY DEVELOPMENT FUND III LP)
)
Defendants.)
)

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission alleges:

I. INTRODUCTION

1. The Commission brings this action to enjoin Glenn Hoppes and four companies he controls, United States Energy Corporation (“US Energy”), TN-KY Development Fund LP (“TN-KY I”), TN-KY Development Fund II LP (“TN-KY II”) and TN-KY Development Fund III LP (“TN-KY III”), from further violations of the anti-fraud and registration provisions of the federal securities laws.

2. From no later than April 2011 until at least January 2012, Hoppes and US Energy employed unregistered brokers, including a recidivist securities law violator, to sell securities in the form of limited partnership units in at least three oil drilling projects in Tennessee, TN-KY I, TN-KY II and TN-KY III (collectively “TN-KY I-III”).

3. To lure investors, Hoppes misrepresented information about US Energy’s oil wells and failed to disclose his 2006 bankruptcy.

4. Hoppes also failed to disclose that US Energy's vice president of sales was a recidivist securities law violator. Hoppes hired Joseph Hilton to solicit investors in the TN-KY I-III offerings despite knowing Hilton was the subject of two prior Commission enforcement actions which resulted in the United States District Court for the Southern District of Florida enjoining Hilton from violating the anti-fraud and registration provisions of the federal securities laws and the Commission barring Hilton from acting as a broker.

5. Hoppes hired Hilton despite knowing Hilton used an alias to conceal his true identity as a recidivist securities law violator.

6. Despite knowing Hilton's true identity as a recidivist securities law violator, Hoppes employed Hilton in a sales capacity and financially supported Hilton's boiler room where Hilton managed a team of unregistered broker-dealers to solicit investors in the TN-KY I-III offerings.

7. The US Energy offerings raised approximately \$2.5 million from approximately 100 investors nationwide.

8. Through their conduct, Hoppes, US Energy, and TN-KY I-III each have violated the anti-fraud and registration provisions of the federal securities laws. Based on the scienter the Defendants have demonstrated through their willful and wanton disregard for the federal securities laws, the Defendants have shown they are reasonably likely to continue to violate the law unless the Court grants the injunctive and other relief the Commission seeks.

II. DEFENDANTS AND RELATED ENTITIES

A. Defendants

9. Hoppes, 72, is the president of U.S. Energy. His last known permanent address is in Clearwater, Florida. The state of Colorado entered a cease-and-desist order against Hoppes to prevent him from offering securities. *In the Matter of United States Energy Corp, et. al*, Case

No. XY 12-CD-07 (Colo., Feb. 2, 2012). Hoppes filed for personal bankruptcy in May 2006 and received a discharge in September 19, 2006. Hoppes has never been registered with the Commission in any capacity.

10. US Energy is a Florida corporation with its principal place of business in Clearwater, Florida. It is engaged in the business of U.S. oil exploration and investment and served as the general partner for at least three offerings of participation or limited partnership units, including TN-KY I-III. US Energy commenced the TN-KY I offering in approximately May 2011, the TN-KY II offering in approximately September 2011, and the TN-KY III offering in approximately November 2011. In January 2012, the state of Pennsylvania issued a cease-and-desist order against US Energy preventing it from offering securities. *In the Matter of TN-KY Development Fund III, L.P., et. al*, Admin. Proc. Docket No. 2012-01-06 (Jan. 25, 2012). In February 2012, the state of Colorado issued a cease-and-desist order preventing US Energy from offering securities. *In the Matter of United States Energy Corp, et. al*, Case No. XY 12-CD-07 (February 2, 2012). US Energy has never been registered with the Commission in any capacity.

11. TN-KY I-III are Florida limited partnerships started in June 2011, September 2011 and November 2011, respectively, and are located in Clearwater, Florida. They are purportedly in the business of acquiring oil drilling leases and drilling for oil. US Energy is the general partner for all the partnerships. None of the partnerships has registered any offering of securities under the Securities Act of 1933 (“Securities Act”) or a class of securities under the Securities Exchange Act of 1934 (“Exchange Act”). In January 2012, the state of Pennsylvania issued a cease-and-desist order against TN-KY III to prevent it from offering securities. *In the Matter of TN-KY Development Fund III, L.P., et. al*, Admin. Proc. Docket No. 2012-01-06 (Jan. 25, 2012).

A. Related Entities and Individuals

12. Hilton, 51, resides in Boca Raton, Florida. From March 2011 until January 2012, Hilton was Vice President of US Energy. He was known by his given name, Joseph Yurkin, until November 2011, when he changed his name to Joseph Hilton. On September 24, 2012, the Commission filed an emergency civil action against Hilton and related entities. *SEC v. Joseph Hilton, f/k/a Joseph Yurkin, et. al*, Civil Action No. 12-CV-81033 (S.D. Fla. September 24, 2012). Thereafter, Hilton consented to preliminary and permanent injunctions. The Commission also previously filed an enforcement action against Hilton for violations of the federal securities laws. *SEC v. Homeland Communications Corp., et al.*, Case No. 07-80802 (S.D. Fla. Nov. 16, 2007), in which Hilton consented to a Final Judgment enjoining him from future violations of the anti-fraud and registration provisions of the federal securities laws, imposing a penny stock bar, and ordering him to pay \$915,704 in disgorgement, prejudgment interest and civil penalties. Hilton has not satisfied the Final Judgment. In 2008, the Commission entered an order barring Hilton from associating with a broker-dealer. *In the Matter of Joseph Yurkin*, Exchange Act Release No. 58768 (Oct. 10, 2008). In addition, Texas and Colorado have entered cease-and-desist orders against Hilton to prevent him from offering securities. *In the Matter of Homeland Communications Corp., et al.*, Case No. Enf-06-CDO-1621 (Tex. Oct. 12, 2006); *In the Matter of United States Energy Corp, et. al*, Case No. XY 12-CD-07 (Colo., Feb. 2, 2012). Hilton has never been registered with the Commission in any capacity.

13. New Horizon Publishing Inc. is a Florida corporation Hilton incorporated in March 2009 that purports to be in the business of selling sales leads. Hilton is the sole officer and director of New Horizon. The Commission's recent emergency civil enforcement action against Hilton is also against New Horizon, and the Company has consented to a permanent injunction, disgorgement, prejudgment interest, and a penalty. *SEC v. Joseph Hilton, f/k/a*

Joseph Yurkin, et. al, Civil Action No. 12-CV-81033 (S.D. Fla. September 24, 2012). The Company has never been registered with the Commission in any capacity.

14. Pacific Northwestern Energy LLC is a Wyoming corporation incorporated in November 2011 with its principal place of business in Cheyenne, Wyoming. Pacific purports to be in the business of oil development and investment with drilling locations in the Kentucky region known as the “The Knox Formation.” The Commission’s recent emergency civil enforcement action against Hilton and New Horizon also names Pacific as a defendant. The Court granted the Commission’s motion to appoint a receiver over Pacific, and the Company remains in a receivership. *SEC v. Joseph Hilton, f/k/a Joseph Yurkin, et. al*, Civil Action No. 12-CV-81033 (S.D. Fla. September 24, 2012). Pacific has never registered any offering of securities or a class of securities with the Commission.

III. JURISDICTION AND VENUE

15. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d), and 77v(a); and Sections 21(d), 21(e), and Section 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e), and 78aa.

16. This Court has personal jurisdiction over the Defendants, and venue is proper in the Middle District of Florida, because many of the Defendants’ acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in the Middle District of Florida. In addition, U.S. Energy’s and TN-KY I-III’s principal places of business are in the Middle District of Florida, Hoppes resided in the Middle District of Florida during all times relevant to the conduct alleged herein, Hoppes managed U.S. Energy’s operations from the Middle District of Florida, and U.S. Energy received investor contributions at its address in Clearwater, Florida.

17. In connection with the conduct alleged in this Complaint, the Defendants, directly and indirectly, singly or in concert with others, have made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation and communication in interstate commerce, and the mails.

IV. THE US ENERGY FRAUD

A. The US Energy Sponsored TN-KY I-III Offerings

18. In approximately May 2011, US Energy began offering limited partnership interests in TN-KY I. The terms of the offering were memorialized in a private placement memorandum (“PPM”) Hoppes drafted, pursuant to which each partnership unit consisted of a .5 percent working interest and .3 percent net revenue interest in TN-KY I’s drilling leases, priced at \$5,000 each. The PPM was dated May 6, 2011 and stated US Energy sought to raise \$1 million for this offering.

19. According to the PPM, TN-KY I would acquire a 100 percent working interest and a 60 percent net revenue interest in drill site locations in Overton County, Tennessee and Christian County, Kentucky, and would generate profits by drilling eight wells there. According to the PPM, a working interest is defined as “an interest in an oil and gas lease that gives the owner of the interest the right to drill for and produce oil and gas on the leased acreage....”

20. In approximately September 2011, US Energy began offering limited partnership interests in TN-KY II. The terms of the offering were memorialized in a PPM Hoppes drafted, pursuant to which each partnership unit consisted of a .5 percent working interest and .3 percent net revenue interest in TN-KY II’s drilling leases, priced at \$5,000 each. The PPM was dated September 15, 2011 and stated US Energy sought to raise \$875,000 for this offering.

21. According to the PPM for the TN-KY II offering, TN-KY II would acquire a 100 percent working interest and a 60 percent net revenue interest in drill site locations in Overton County, Tennessee and Monroe County, Kentucky, and would generate profits by drilling five wells there.

22. In approximately November 2011, US Energy began offering limited partnership interests in TN-KY III. The terms of the offering were memorialized in a PPM Hoppes drafted, pursuant to which each partnership unit consisted of a 2 percent working interest and 1.2 percent net revenue interest in TN-KY III's drilling leases, priced at \$17,500 each. The PPM was dated November 15, 2011 and stated US Energy sought to raise \$875,000 for this offering.

23. According to the PPM for the TN-KY III offering, TN-KY III would acquire a 100 percent working interest and a 60 percent net revenue interest in drill site locations in Overton County, Tennessee and Monroe or Cumberland County, Kentucky, and would generate profits by drilling five wells there.

24. No registration statement has been filed or was in effect with the Commission in connection with the securities US Energy offered in TN-KY I, TN-KY II, or TN-KY III, nor is US Energy entitled to any registration exemption.

B. Hoppes Employed Hilton To Manage The Solicitation Of Investors

25. Hoppes managed all day-to-day business operations for US Energy and had ultimate authority for making all management, employee hiring, marketing, and business decisions on behalf of US Energy.

26. In March 2011, Hoppes hired Hilton to solicit investors for the TN-KY I-III offerings, both directly and by managing a small boiler room in Boca Raton where Hilton and at least two other individuals placed cold calls to potential investors nationwide. US Energy paid Hilton's companies, New Horizon and Pacific, for raising investor funds.

27. After contacting potential investors by telephone, Hilton sent them marketing materials that included, among other things, a TN-KY I-III PPM Hoppes drafted and letters Hoppes wrote containing updates on the oil drilling projects. Hilton then placed follow-up telephone calls to potential investors to close the sales.

28. Hilton also sent frequent e-mails to potential and existing investors updating them on the status of US Energy's oil drilling efforts and encouraging them to make initial or additional investments.

29. By March 2012, US Energy had raised more than \$2.5 million from approximately 100 investors.

30. As a result of his promotional efforts, US Energy paid Hilton, directly and through New Horizon and Pacific, nearly \$400,000. US Energy also paid Hilton for the promotional efforts of his agents. To conceal the true nature of his work, Hilton required US Energy to characterize its payments to him as a salary rather than traditional broker-dealer commissions.

31. Hilton also entered into separate agreements with the sales agents who worked in his boiler room. Hilton paid these agents commissions equal to six percent of the investor contributions they solicited.

C. Misrepresentations and Omissions in the US Energy Offerings

32. In connection with US Energy's TN-KY I-III offerings, Hoppes, U.S. Energy, and TN-KY I-III made material misrepresentations and omissions about: (a) Hoppes' 2006 bankruptcy; (2) the prior Commission enforcement actions against Hilton; and (3) US Energy's oil well assets.

1. Omissions About Hoppes' Bankruptcy

33. The PPMs Hoppes drafted for TN-KY I and II each stated US Energy's principals had not been subject to a "petition under the Bankruptcy Act or any state insolvency law" in the last five years. This statement was false. Hoppes filed for personal bankruptcy in May 2006 and the Court did not discharge the petition until September 19, 2006.

2. Omissions About Hilton's Regulatory History

34. In no later than March 2011, Hoppes learned about Hilton's regulatory history, which included: (1) an emergency civil enforcement action the Commission filed against Hilton in a federal district court in 2007, which resulted in, among other things, a permanent injunction against violations of the anti-fraud and registration provisions of the federal securities laws; and (2) a public administrative proceeding the Commission instituted against Hilton in 2008, which resulted in an order barring Hilton from associating with a broker-dealer.

35. In late March 2011, Hoppes, on behalf of US Energy, entered into an employment agreement with Joseph Hilton. Pursuant to that agreement, Hoppes hired Hilton as senior vice president and director of US Energy.

36. From no later than May 2011 until at least January 2012, Hoppes, directly and through US Energy, distributed TN-KY I-III PPMs Hoppes drafted that stated: "during the past five years, none of the principals of [US Energy] have been convicted in a criminal proceeding nor has any formal complaint been filed with the Securities and Exchange Commission..."

37. At no time did Hoppes or US Energy disclose to investors Hilton's regulatory history.

3. Misrepresentations About US Energy's Oil Well Assets

38. Hoppes authored at least one letter to investors designed to deceive them about US Energy's current and future drilling prospects. In a letter to TN-KY I investors dated July 5,

2011, Hoppes told investors that a picture of a well gushing a large quantity of oil attached to the letter was US Energy's "Ruble" well and was located in Overton County, Tennessee. This representation was false. The well pictured was not the "Ruble" well, a well in Overton County (the location of US Energy's other wells), or even a well in Tennessee.

D. Hoppes' Scheme To Conceal Hilton's Background

39. From no later than March 2011 until approximately January 2012, Hilton engaged in a fraudulent scheme to conceal from investors the Commission's prior civil enforcement action against him for defrauding investors and the Final Judgment against him in that case.

40. Hoppes participated in Hilton's scheme by hiring Hilton to sell securities despite knowing the Commission had barred Hilton from associating with broker-dealers and a federal district court had permanently enjoined Hilton from violating the federal securities laws.

41. Hilton disclosed his past regulatory troubles to Hoppes no later than March 2011. Hilton also provided Hoppes with an attorney opinion letter stating that Hilton would not violate his prior injunction and bar if he, among other things, did not have any "direct contact with the general public to solicit sales," received the title and job duties of "Vice President of Operations" rather than sales and marketing, and received a salary rather than commissions. Nonetheless, Hoppes employed Hilton to solicit investors directly, operate a boiler room, and run the sales process with almost unfettered discretion.

42. Hoppes further participated in Hilton's scheme by permitting Hilton to use an alias in communications with potential investors to conceal Hilton's true identity as Joseph Yurkin, against whom the Commission obtained a temporary restraining order for defrauding investors in connection with a 2007 offering fraud. Hoppes was aware that Hilton's real name was Yurkin by no later than March 2011.

43. Hoppes also continued to employ Hilton to raise money for the US Energy offerings after learning from various investors and a sales agent that Hilton made misrepresentations to investors. For example, in November 2011, Hoppes learned from an investor that Hilton told potential investors US Energy owned natural gas wells. Hoppes knew US Energy did not own natural gas wells. That same month, another investor informed Hoppes of the oil production numbers and revenue projections Hilton had quoted him. Hoppes knew these numbers were substantially exaggerated. Nonetheless, Hoppes continued to pay Hilton to solicit investors. He did not correct Hilton's misrepresentations with all investors, tell Hilton to stop making these claims, or even monitor Hilton's communications with investors thereafter.

COUNT I

Sale of Unregistered Securities in Violation of Sections 5(a) and 5(c) of the Securities Act Against Hoppes, U.S. Energy, TN-KY I, TN-KY II, and TN-KY III

44. The Commission repeats and realleges paragraphs 2, 7, 9-14, and 18-29 of this Complaint as if fully restated herein.

45. No registration statement was filed or in effect with the Commission pursuant to the Securities Act and no exemption from registration exists with respect to the securities and transactions described in this Complaint.

46. Hoppes and U.S. Energy, from no later than May 2011 through January 2012; TN-KY I, from no later than May 2011 through at least September 2011; TN-KY II, from no later than September 2011 through at least December 2011; and TN-KY III, from no later than November 2011 through January 2012, directly or indirectly: (a) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, through the use or medium of a prospectus or otherwise; (b) carried securities or caused such securities to be carried through the mails or in interstate commerce, by any means or

instruments of transportation, for the purpose of sale or delivery after sale; and (c) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise, without a registration statement having been filed or being in effect with the Commission as to such securities.

47. By reason of the foregoing, Hoppes, U.S. Energy, TN-KY I, TN-KY II, and TN-KY III directly or indirectly violated, and, unless enjoined, are reasonably likely to continue to violate, Sections 5(a) and 5(c) of the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. §§ 77e(a) and 77e(c)].

COUNT II

Fraud in Violation of Section 10(b) and Rule 10b-5(b) of the Exchange Act Against Hoppes, U.S. Energy, TN-KY I, TN-KY II, and TN-KY III

48. The Commission repeats and realleges paragraphs 1 through 43 of its Complaint.

49. Hoppes and US Energy, from no later than May 2011 through January 2012; TN-KY I, from no later than May 2011 through at least September 2011; TN-KY II, from no later than September 2011 through at least December 2011; and TN-KY III, from no later than November 2011 through January 2012, directly or indirectly, by use of the means and instrumentalities of interstate commerce, and of the mails in connection with the purchase or sale of securities, knowingly, willfully or recklessly: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices and courses of business which have operated, are now operating and will operate as a fraud upon the purchasers of such securities.

50. By reason of the foregoing, Hoppes, U.S. Energy, TN-KY I, TN-KY II, and TN-KY III directly or indirectly violated, and, unless enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5(b) [17 C.F.R. § 240.10b-5].

COUNT III

Fraud in Violation of Section 10(b) and Rules 10b-5(a) and (c) of the Exchange Act Against Hoppes and U.S. Energy

51. The Commission realleges and incorporates paragraphs 1 through 43 of this Complaint.

52. From no later than March 2011 through at least January 2012, Hoppes and US Energy, directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly, willfully or recklessly employed devices, schemes, or artifices to defraud and engaged in acts, practices, or courses of business which operate or would operate as a fraud or deceit upon any person.

53. By reason of the foregoing, Hoppes and US Energy directly or indirectly violated, and, unless enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rules 10b-5(a) and (c) [17 C.F.R. § 240.10b-5].

COUNT IV

Fraud in the Offer or Sale of Securities in Violation of Section 17(a)(1) and (3) of the Securities Act Against Hoppes and U.S. Energy

54. The Commission repeats and realleges paragraphs 1 through 43 of this Complaint as if fully restated herein.

55. From no later than March 2011 until approximately January 2012, Hoppes and US Energy, directly or indirectly, by use of the means or instruments of transportation or

communication in interstate commerce or by use of the mails, in the offer or sale of securities, have: (a) employed devices, schemes or artifices to defraud; and (b) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchasers of such securities.

56. By reason of the foregoing, Hoppes and US Energy directly or indirectly violated, and, unless enjoined, are reasonably likely to continue to violate, Sections 17(a)(1) and (3) of the Securities Act [15 U.S.C. § 77q(a)(1) and (a)(3)].

COUNT V

Fraud in the Offer or Sale of Securities in Violation of Sections 17(a)(2) of the Securities Act Against Hoppes, U.S. Energy, TN-KY I, TN-KY II, and TN-KY III

57. The Commission repeats and realleges paragraphs 1 through 43 of this Complaint as if fully restated herein.

58. Hoppes and US Energy, from no later than May 2011 through January 2012; TN-KY I, from no later than May 2011 through at least September 2011; TN-KY II, from no later than September 2011 through at least December 2011; and TN-KY III, from no later than November 2011 through January 2012, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce, or of the mails have: obtained money or property by means of untrue statements of material fact or by omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

59. By reason of the foregoing, Hoppes, U.S. Energy, TN-KY I, TN-KY II, and TN-KY III, directly or indirectly violated, and, unless enjoined, are reasonably likely to continue to violate, Section 17(a)(2) of the Securities Act [15 U.S.C. §§ 77q(a)(2)].

COUNT VI

**Aiding And Abetting Hilton's Unregistered
Broker-Dealer Conduct in Violation of Section 15(a)(1) of the Exchange Act
Against Hoppes and U.S. Energy**

60. The Commission repeats and realleges paragraphs 2, 4, 6-7, 9-14, and 18-31 of this Complaint as if fully restated herein.

61. Hilton, from no later than March 2011 until at least January 2012, directly and indirectly by the use of the means and instrumentalities of interstate commerce, while acting as a broker or dealer engaged in the business of effecting transactions in securities for the accounts of others, effected transactions in securities, or induced or attempted to induce the purchase and sale of securities, without registering as a broker-dealer in accordance with Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b).

62. Hoppes and U.S. Energy knowingly or recklessly provided substantial assistance to Hilton in connection with his violations of Section 15(a)(1) of the Exchange Act.

63. By reason of the foregoing, Hoppes and U.S. Energy aided and abetted Hilton's violations of Section 15(a)(1) of the Exchange Act. [15 U.S.C. § 78o(a)(1)].

COUNT VII

**Control Person Liability under Section 20(a) of the
Exchange Act for U.S. Energy, TN-KY I, TN-KY II and TN-KY III's
Violations of Section 10(b) of the Exchange Act and Rule 10b-5(b)
Against Hoppes, Alternatively**

64. The Commission repeats and realleges paragraphs 1 through 43 of this Complaint as if fully restated herein.

65. US Energy, TN-KY I, TN-KY II and TN-KY III made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in

light of the circumstances under which they were made, not misleading in violation of Section 10(b) of the Exchange Act and Rule 10b-5(b).

66. Hoppes, as president of US Energy, the general partner for TN-KY I, TN-KY II and TN-KY III, exercised control over the management, general operations, and policies of US Energy, TN-KY-I, TN-KY II, and TN-KY III, as well as the specific activities upon which US Energy, TN-KY I, TN-KY II, and TN-KY III's violations are based.

67. By reason of the foregoing, Hoppes is liable as control person under Section 20(a) of the Exchange Act for US Energy, TN-KY I, TN-KY II and TN-KY III's violations of Section 10(b) of the Exchange Act and Rule 10b-5(b) [15 U.S.C. §78t(a)].

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Declaratory Relief

Declare, determine and find that the Defendants have committed the violations of the federal securities laws alleged herein.

II.

Permanent Injunction

Issue a Permanent Injunction, restraining and enjoining: Defendants Hoppes, U.S. Energy, TN-KY I, TN-KY II and TN-KY III, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Sections 5(a) and (c) and 17(a)(2) of the Securities Act and Section 10(b) and Rule 10b-5(b) of the Exchange Act; and Defendants Hoppes and U.S. Energy, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and

each of them, from violating Sections 17(a)(1) and (3) of the Securities Act and Rule 10b-5(a) and (c) of the Exchange Act; and Section 15(a)(1) of the Exchange Act.

III.

Disgorgement

Issue an Order directing the Defendants to disgorge all ill-gotten gains, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

IV.

Penalties

Issue an Order directing all Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

V.

Further Relief

Grant such other and further relief as may be necessary and appropriate.

VI.

Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

April 4, 2013

Respectfully submitted,

By:

Amie Riggle Berlin
Senior Trial Counsel
Florida Bar No. 630020
Direct Dial: (305) 982-6322
Direct email: berlina@sec.gov

Attorney for Plaintiff
**SECURITIES AND EXCHANGE
COMMISSION**
801 Brickell Avenue, Suite 1800
Miami, Florida 33131
Telephone: (305) 982-6300
Facsimile: (305) 536-4154

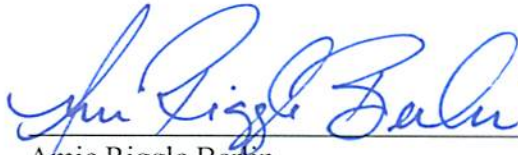
Susan Cooke Anderson
Senior Counsel
Court ID No. A5501760
Direct Dial: (617) 573-4538
Direct email: andersonsu@sec.gov

**SECURITIES AND EXCHANGE
COMMISSION**
33 Arch Street, 23rd Floor
Boston, Massachusetts 02110
Telephone: (617)573-8900
Facsimile: (617) 573-4590

April 4, 2013

Respectfully submitted,

By:



Amie Riggle Berlin
Senior Trial Counsel
Florida Bar No. 630020
Direct Dial: (305) 982-6322
Direct email: berlina@sec.gov

Attorney for Plaintiff
**SECURITIES AND EXCHANGE
COMMISSION**

801 Brickell Avenue, Suite 1800
Miami, Florida 33131
Telephone: (305) 982-6300
Facsimile: (305) 536-4154

Susan Cooke Anderson
Senior Counsel
Court ID No. A5501760
Direct Dial: (617) 573-4538
Direct email: andersonsu@sec.gov

**SECURITIES AND EXCHANGE
COMMISSION**

33 Arch Street, 23rd Floor
Boston, Massachusetts 02110
Telephone: (617)573-8900
Facsimile: (617) 573-4590

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.) **NOTICE: Attorneys MUST Indicate All Re-filed Cases Below.**

I. (a) PLAINTIFFS

SECURITIES AND EXCHANGE COMMISSION

(b) County of Residence of First Listed Plaintiff
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorney's (Firm Name, Address, and Telephone Number)

Amie Riggle Berlin, Esq., 801 Brickell Avenue, Suite 1800
Miami, FL 33131, 305-982-6322

DEFENDANTS

Glenn Hoppes, United States Energy Corporation, TN-KY
Development Fund, LP, TN-KY Development Fund II, LP, and

County of Residence of First Listed Defendant
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT LAND INVOLVED.

Attorneys (If Known)

(d) Check County Where Action Arose: MIAMI-DADE MONROE BROWARD PALM BEACH MARTIN ST. LUCIE INDIAN RIVER OKEECHOBEE HIGHLANDS

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff
- 2 U.S. Government Defendant
- 3 Federal Question (U.S. Government Not a Party)
- 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

	PTF	DEF		PTF	DEF
Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business In This State	<input type="checkbox"/> 4	<input type="checkbox"/> 4
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business In Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	<input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus-Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding 2 Removed from State Court 3 Re-filed- (see VI below) 4 Reinstated or Reopened 5 Transferred from another district (specify) 6 Multidistrict Litigation 7 Appeal to District Judge from Magistrate Judgment

VI. RELATED/RE-FILED CASE(S).

(See instructions second page): a) Re-filed Case YES NO b) Related Cases YES NO
JUDGE Middlebrooks DOCKET NUMBER 12-81033

VII. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing and Write a Brief Statement of Cause (Do not cite jurisdictional statutes unless diversity):
15USC§§77e(a) and 77e(c); 15USC§§77q(a)(2) and (3); 15USC§§78j(b) and 17CFR§240.10b-5 Securities Fraud
LENGTH OF TRIAL via _____ days estimated (for both sides to try entire case)

VIII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23 **DEMANDS** CHECK YES only if demanded in complaint:
JURY DEMAND: Yes No

ABOVE INFORMATION IS TRUE & CORRECT TO THE BEST OF MY KNOWLEDGE

SIGNATURE OF ATTORNEY OF RECORD: *Amie Riggle Berlin* DATE: 4/2/13

FOR OFFICE USE ONLY

AMOUNT _____ RECEIPT # _____ IFP _____