

1 STATE OF CALIFORNIA
2 BUSINESS, TRANSPORTATION AND HOUSING AGENCY
3 DEPARTMENT OF CORPORATIONS

4 TO: King Royalty Corporation
5 6142 Campbell Road
6 Dallas, Texas 75248

7 DESIST AND REFRAIN ORDER
8 (For violations of sections 25110 of the Corporations Code)

9 The California Corporations Commissioner finds that:

10 1. At all relevant times, King Royalty Corporation (“King Royalty”) is or was a corporation with
11 its principal place of business located in Texas and doing business in California

12 2. At all relevant times Matthew Nerbonne (“Nerbonne”) is a representative of King Royalty.

13 3. Beginning in or about August 2007, King Royalty and Nerbonne offered and sold securities in
14 the form of royalty interests in The Centurion Property, a project involving oil and gas properties in
15 Texas, Oklahoma, Alabama, Louisiana and Mississippi.

16 4. Beginning in or about August 2007, King Royalty and Nerbonne offered or sold the above
17 described securities in the State of California to unaccredited investors.

18 5. The purported purpose of offering the royalty interests was to fund property acquisition costs
19 of oil and gas properties in Texas, Oklahoma, Alabama, Louisiana and Mississippi.

20 6. These securities were offered or sold in California in issuer transactions. The Department of
21 Corporations has not issued a permit or other form of qualification authorizing any person, including
22 but not limited to Matthew Nerbonne and King Royalty, to offer and sell these securities in this state.

23 Based on the foregoing findings, the California Corporations Commissioner is of the opinion
24 that the royalty interests offered and/or sold by King Royalty Corporation and Matthew Nerbonne are
25 securities subject to qualification under the California Corporations Code. These interests are or have
26 been offered or sold without being qualified or exempt, in violation of Section 25110 of the
27 California Corporations Code.

28 Pursuant to Section 25532 of the California Corporations Code, King Royalty Corporation
and Matthew Nerbonne are hereby ordered to desist and refrain from the further offer or sale in the

1 State of California of securities, including, but not limited to royalty interests, unless and until
2 qualification has been made under said law or unless exempt.

3 This Order is necessary, in the public interest, for the protection of investors and consistent
4 with the purposes, policies, and provisions of the California Corporations Code.

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6 Dated: September 14, 2007

7 Sacramento, California

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PRESTON DUFAUCHARD
California Corporations Commissioner

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By _____
SHARON A. LUERAS
Lead Corporations Counsel
Enforcement Division

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