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**STATE OF CALIFORNIA**  
**BUSINESS, TRANSPORTATION AND HOUSING AGENCY**  
**DEPARTMENT OF CORPORATIONS**

TO: Shea Christian Silva, President and CEO  
Jack Wilson  
William Armstrong  
Allied Capital Management, Inc.  
660 Baker Street, Suite 415  
Costa Mesa, CA 92626

Global Alliance Energy Production Fund, L.P.  
U.S. Energy Production Income & Growth Fund  
660 Baker Street, Suite 415  
Costa Mesa, CA 92626

Shea Silva, Inc.  
1071 Santa Cruz Circle  
Costa Mesa, CA 92626

**DESIST AND REFRAIN ORDER**

**(For violations of sections 25110 and 25401 of the Corporations Code)**

The California Corporations Commissioner finds that:

1. At all relevant times, Shea Christian Silva (“Silva”) was the President and CEO of Allied Capital Management, Inc., a California corporation. Allied Capital Management, Inc. was incorporated by Silva on March 14, 2000. Its corporate status has been suspended since May 2, 2005. From the date of its formation its office has been located at a succession of addresses. Its first office address was 2775 Mesa Verde Drive East, # F104, Costa Mesa, CA 92663. Its second address was 11037 Warner Avenue, Suite # 263, Fountain Valley, CA 92708. Its third address was 2901 West Warner Avenue, Santa Ana, CA 92704. Its office is presently located at 660 Baker Street, Suite 415, Costa Mesa, CA 92626.

1 2. At all relevant times, Silva was the President of Shea Silva, Inc., a California corporation.  
2 Shea Silva, Inc. is an active California corporation that was incorporated on June 26, 2002. Its  
3 address is 1071 Santa Cruz Circle, Costa Mesa, California 92626.  
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5 3. At all relevant times, Jack Wilson (“Wilson”) was a sales representative for Allied Capital  
6 Management, Inc.  
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8 4. At all relevant times, William Armstrong (“Armstrong”) was a sales representative for Allied  
9 Capital Management, Inc.  
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11 5. At all relevant times, Global Alliance Energy Production Fund, L.P. was a limited partnership  
12 offering and selling limited partnership units to residents of California. The general partner of Global  
13 Alliance Energy Production Fund, L.P. is Allied Capital Management, Inc.  
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15 6. At all relevant times, U.S. Energy Production Income & Growth Fund was a limited  
16 partnership offering and selling limited partnership units to residents of California. The general  
17 partner of U.S. Energy Production Income & Growth Fund is Allied Capital Management, Inc.  
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19 7. On November 22, 2004, Silva, Allied Capital Management, Inc. and Shea Silva, Inc. filed a  
20 First Notice of Transaction with the California Corporations Commissioner pursuant to Corporations  
21 Code section 25102(n), stating an intention to offer 40 limited partnership units of Global Alliance  
22 Energy Production Fund, L.P. to qualified purchasers and accredited investors pursuant to a 38-page  
23 Confidential Private Placement Memorandum dated November 1, 2004.  
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25 8. On October 27, 2005, Silva, Allied Capital Management, Inc. and Shea Silva, Inc. filed  
26 another First Notice of Transaction with the California Corporations Commissioner pursuant to  
27 Corporations Code section 25102(n), stating an intention to offer 40 limited partnership units of U.S.  
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1 Energy Production Income & Growth Fund to qualified purchasers and accredited investors pursuant  
2 to a 38-page Confidential Private Placement Memorandum dated August 15, 2005.

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4 9. Beginning in or about May 2004 to the present, Silva, Wilson, Armstrong, Allied Capital  
5 Management, Inc. and Shea Silva, Inc. offered and sold securities in the form of limited partnership  
6 units of Global Alliance Energy Production Fund, L.P. and U.S. Energy Production Income &  
7 Growth Fund at a price of \$25,000.00 per unit. Silva, Wilson, Armstrong, Allied Capital  
8 Management, Inc. and Shea Silva, Inc. have raised approximately \$1.2 million from their investment  
9 sales activity during that period.

10  
11 10. The purported purpose of the Global Alliance Energy Production Fund, L.P. and U.S. Energy  
12 Production Income & Growth Fund offerings were to raise money to acquire working interests in oil  
13 and gas wells within the United States. The success of the oil and gas wells would allegedly result in  
14 the distribution of interest payments to investors.

15  
16 11. The offer and sale of limited partnership units of Global Alliance Energy Production Fund,  
17 L.P. and U.S. Energy Production Income & Growth Fund were accomplished by means of general  
18 solicitation in the form of telephone cold-calls by sales representatives using the names “Jack  
19 Wilson” and “William Armstrong.”

20  
21 12. The offer and sale of limited partnership units of Global Alliance Energy Production Fund,  
22 L.P. and U.S. Energy Production Income & Growth Fund were to residents of California who are  
23 neither qualified nor accredited investors.

24  
25 13. These securities were offered and sold in this state in issuer transactions. The Department of  
26 Corporations has not issued a permit or other form of qualification authorizing any person to offer  
27 and sell these securities in this state.

1 14. In connection with the offers and sales, Silva, Wilson, Armstrong, Allied Capital  
2 Management, Inc. and Shea Silva, Inc. represented to investors that:

3 a. Jack Wilson “formed” Allied Capital Management, Inc. and that Wilson is the “fund  
4 manager” for the investment. In fact, Shea Silva formed Allied Capital Management, Inc. and is the  
5 fund manager.

6 b. Quarterly distributions will be made to investors. Further distributions were projected  
7 at \$6,000.00-\$9,000.00. In fact, only some investors received a few of the promised interest  
8 payments while others received no payments at all. None of the investors received the full amount  
9 promised.

10 c. An annual return of 130% would be made by investors. In fact, no investors received  
11 an annual return close to this amount.

12 d. The money invested would be used to purchase oil and gas projects. In fact,  
13 most of the investment funds were diverted to other purposes including large payments to  
14 and withdrawals by Silva.

15 e. The investment offerings were “registered” with the Department of Corporations, and  
16 investors were even provided copies of pages with the Department’s file stamp on them. In fact,  
17 neither the Global Alliance Energy Production Fund, L.P. investment offering nor the U.S. Energy  
18 Production Income & Growth Fund investment offering were registered with the Department.  
19

20 15. In connection with the offers and sales, Silva, Wilson, Armstrong, Allied Capital  
21 Management, Inc. and Shea Silva, Inc. omitted to disclose to investors that:

22 a. Shea Silva is actually the founder of Allied Capital Management, Inc. and fund  
23 manager for the investments.

24 b. On September 3, 2002, the Pennsylvania Securities Commission issued a Summary  
25 Order to Cease and Desist against Silva finding that he had violated Pennsylvania state securities  
26 laws by using cold-call phone solicitations to offer and sell unregistered non-exempt securities,  
27 consisting of limited partnership units of Sunrise Energy Limited Partnership, to Pennsylvania  
28 residents. Silva subsequently entered into a settlement with the Pennsylvania Securities Commission

1 in March 2003 whereby he agreed to a six-month bar from offering or selling securities in the  
2 Commonwealth of Pennsylvania and agreed to pay costs of investigation.

3 c. On July 16, 2004, the Wisconsin Division of Securities of the Department of Financial  
4 Institutions issued a Summary Order of Prohibition and Revocation against Silva finding that he had  
5 violated Wisconsin state securities laws by offering and selling unregistered non-exempt securities of  
6 Sunrise Energy, Inc., doing business as Blue Marlin Energy, Inc., to residents of Wisconsin, and by  
7 employing an unlicensed agent to execute securities transactions on his behalf in Wisconsin.

8 d. On August 6, 2004, the Iowa Insurance Commissioner issued a Cease and Desist  
9 Order against Silva finding that he had violated Iowa state securities laws by offering and selling  
10 unregistered non-exempt securities of Sunrise Energy, Inc. and by acting as an unregistered securities  
11 agent.

12 e. On December 6, 2004, the Securities Division of the Department of Financial  
13 Institutions of the State of Washington issued a Summary Order to Cease and Desist against Silva  
14 finding that he had violated Washington state securities laws by using cold-call phone solicitations to  
15 offer and sell unregistered non-exempt securities, consisting of limited partnership units of Sunrise  
16 Energy, Inc., to Washington resident, and by acting as an unregistered securities agent. The order  
17 contains additional findings that Silva told investors they were making low-risk “no lose”  
18 investments in Texas oil leases that were proven producers, and that investors were promised  
19 monthly payments based on projections estimating first-year returns of 55% to 112% on their  
20 investments, but that Silva failed to provide investors with a disclosure document containing material  
21 information about the investment opportunity. The order contains further findings that although  
22 investors did receive monthly payments initially, the payments were not nearly the size that investors  
23 had been told they could expect.

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25 Based upon the foregoing findings, the California Corporations Commissioner is of  
26 the opinion that the investments that are being or have been offered and sold by Shea Silva,  
27 Jack Wilson, William Armstrong, Allied Capital Management, Inc., Shea Silva, Inc., Global  
28 Alliance Energy Production Fund, L.P. and U.S. Energy Production Income and Growth

1 Fund are securities subject to qualification under the California Corporate Securities Law of  
2 1968 and are being or have been offered and sold without being qualified in violation of  
3 Corporations Code section 25110. Pursuant to section 25532 of the Corporate Securities  
4 Law of 1968, Shea Silva, Jack Wilson, William Armstrong, Allied Capital Management,  
5 Inc., Shea Silva, Inc., Global Alliance Energy Production Fund, L.P. and U.S. Energy  
6 Production Income and Growth Fund are hereby ordered to desist and refrain from the further  
7 offer or sale in the State of California of securities, including but not limited to limited  
8 partnership units in the form of oil and gas investments, unless and until qualification has  
9 been made under the law or unless exempt.  
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11 Further, the California Corporations Commissioner is of the opinion that the oil and gas  
12 securities that are being or have been offered and sold by Shea Silva, Jack Wilson, William  
13 Armstrong, Allied Capital Management, Inc., Shea Silva, Inc., Global Alliance Energy Production  
14 Fund, L.P. and U.S. Energy Production Income and Growth Fund were offered or sold in this state by  
15 means of written or oral communications which included an untrue statement of a material fact or  
16 omitted to state a material fact necessary in order to make the statements made, in the light of the  
17 circumstances under which they were made, not misleading, in violation of section 25401 of the  
18 Corporate Securities Law of 1968. Pursuant to section 25532 of the Corporate Securities Law of  
19 1968, Shea Silva, Jack Wilson, William Armstrong, Allied Capital Management, Inc., Shea Silva,  
20 Inc. Global Alliance Energy Production Fund, L.P. and U.S. Energy Production Income and Growth  
21 Fund are hereby ordered to desist and refrain from offering or selling or buying or offering to buy any  
22 security in the State of California, including but not limited to limited partnership units in the form of  
23 oil and gas investments, by means of any written or oral communication which includes an untrue  
24 statement of a material fact or omits to state a material fact necessary in order to make the statements  
25 made, in the light of the circumstances under which they were made, not misleading.  
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27 This Order is necessary, in the public interest, for the protection of investors and consistent  
28 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

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Dated: January 31, 2006  
Sacramento, California

WAYNE STRUMPFER  
Acting California Corporations Commissioner

By \_\_\_\_\_

ALAN S. WEINGER  
Acting Deputy Commissioner  
Enforcement Division