

IRVING L. FAUGHT  
ADMINISTRATOR



MARY FALLIN  
GOVERNOR

STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES

**MEMORANDUM**

**To:** *Irving L. Faught, Administrator*

**From:** *Melanie Hall, Deputy Administrator*

**Date:** *May 7, 2012*

**Re:** **ENFORCEMENT REPORT**

Attached is the report of the enforcement activities of the Department for the month ended April 30, 2012.

Attachment

[h:/home/londonb/EnforcementReports/11\\_Enf-Reports\\_Apr-2012.doc](h:/home/londonb/EnforcementReports/11_Enf-Reports_Apr-2012.doc)

**OKLAHOMA DEPARTMENT OF SECURITIES  
ENFORCEMENT ACTIVITIES  
MARCH 2012**

		<b>FY-12</b>		<b>FY-11</b>	
		<b>Month</b>	<b>YTD</b>	<b>Month</b>	<b>YTD</b>
<b>I.</b>	<b>Enforcement Files</b>				
	a. Active Enforcement Files as of first day of the reporting month	256		263	
	b. Enforcement Files Opened During Month	1	81	6	74
	1. Securities Act	1	67	6	65
	2. Business Opportunity Sales Act	0	10	0	6
	3. Other	0	4	0	3
	c. Enforcement Files Closed During Month	12	70	5	74
	d. Active Enforcement Files as of last day of the reporting month	245		264	
<b>II.</b>	<b>Actions Taken During Month</b>				
	a. Orders Initiating Investigation	0	0	0	1
	1. Securities Act	0	0	0	1
	2. Business Opportunity Sales Act	0	0	0	0
	b. Summary Orders	0	2	0	0
	1. Securities Act	0	2	0	0
	2. Business Opportunity Sales Act	0	0	0	0
	c. Notices of Opportunity for Hearing Served	1	15	0	13
	1. Securities Act-Notices	1	15	0	12
	i. Hearing Set	1	2	0	3
	ii. Hearings Held	1	1	0	0
	2. Business Opportunity Sales Act Notices	0	0	0	1
	i. Hearing Set	0	0	0	0
	ii. Hearings Held	0	0	0	0

		<b>FY-12</b>		<b>FY-11</b>	
		<b>Month</b>	<b>YTD</b>	<b>Month</b>	<b>YTD</b>
	d. Orders	8	29	0	28
	1. Securities Act	8	29	0	27
	2. Business Opportunity Sales Act	0	0	0	1
	e. Public Settlement Agreements	2	10	0	7
	1. Securities Act	2	10	0	7
	2. Business Opportunity Sales Act	0	0	0	0
	f. Confidential Settlement Agreements	0	0	0	0
	1. Securities Act	0	0	0	0
	2. Business Opportunity Sales Act	0	0	0	0

### SUMMARY

**In the Matter of:     Scott E. Thomas**  
**ODS File No. 11-055**

On April 3, 2012, Scott E. Thomas (Thomas) and the Department entered into an agreement wherein Thomas agreed to comply with this state's securities laws in connection with the offer and/or sale of any security. Thomas also agreed to the issuance of an order of censure for violating Sections 1-402 and 1-406 of the Oklahoma Uniform Securities Act of 2004 (Act). On the same date, the Administrator issued the Order of Censure against Thomas.

**In the Matter of:     Richard W. Possett Sr.**  
**ODS File No. 11-076**

On April 30, 2012, the Administrator of the Department issued a notice of opportunity for hearing on an Order to Cease and Desist (Order) against Richard W. Possett Sr. Possett transacted business in this state as an unregistered broker-dealer, in violation of Section 1-401 of the Act.

**In the Matter of:     Allied Management Services, American Advantage Title, Alan Cooper, Dennis Newman, Brad Johnson, Gina Gersh, and Mark Roberts**  
**ODS File No. 12-032**

On March 21, 2012, the Administrator of the Department issued a notice of opportunity for hearing on an Order to Cease and Desist (Order) against Allied Management Services, American Advantage Title, Alan Cooper, Dennis Newman, Brad Johnson, Gina Gersh and Mark

Roberts (collectively, "Respondents"). Respondents contacted individuals, in and/or from the state of Oklahoma, to offer to purchase their real estate interests in vacation property (Timeshare Interests), in violation of Sections 1-301, 1-402 and 1-501 of the Act.

On April 30, 2012, the Administrator issued a Final Order to Cease and Desist against Respondents.

**In the Matter of:     Rodney Larry Watkins Jr.  
                                  ODS File No. 12-058**

On March 30, 2012, the Administrator of the Department issued a notice of opportunity for hearing on an Enforcement Division Recommendation (Recommendation) against Rodney Larry Watkins Jr. ("Respondent"). The recommendation alleged Respondent engaged in unethical practices in violation of 660:11-5-42 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules).

On April 9, 2012, Patrick Waddel, counsel for Respondent, requested an extension of time to file an answer and request a hearing. On April 11, 2012, the Administrator issued an order granting the extension.

**In the Matter of:     Keith D. Geary  
                                  ODS File No. 12-080**

On March 30, 2012, the Administrator of the Department issued a notice of opportunity for hearing on a Summary Order Postponing Application for Registration (Summary Order) against Keith D. Geary (Geary), in connection with his registration as an agent of Union Capital Company. The action was based on the pending administrative proceeding styled *In the Matter of: Geary Securities, Inc. fka Capital West Securities; Keith D. Geary; Norman Frager; and CEMP, LLC*, ODS File No. 09-141. On March 30, 2012, Geary filed a request for hearing.

On April 5, 2012, the Administrator issued an order setting a hearing date. On April 18, 2012, a hearing was held to allow Geary to show cause why the Summary Order should be amended or vacated. On April 19, 2012, the Administrator issued an order continuing the summary order postponing Geary's application for registration. On April 23, 2012, the Administrator issued an order of conditional registration of Geary as an agent of Union Capital Corporation.

**In the Matter of:     Geary Securities, Inc. fka Capital West Securities, Inc.; Keith D.  
                                  Geary; Norman Frager; and CEMP, LLC  
                                  ODS File No. 09-141**

On March 8, 2010, the Administrator of the Department issued an Order Initiating Investigation against Geary Securities, Inc. and Keith D. Geary, both of Oklahoma City, Oklahoma. The Order was premised upon information that violations of the Act and/or the Rules may have occurred, in connection with the offer and/or sale of securities by Respondents.

On September 22, 2010, the Administrator of the Department issued a notice of opportunity for hearing on an Enforcement Division Recommendation (Recommendation) against Geary Securities, Inc. *aka* Capital West Securities, Inc.; Keith D. Geary; Norman Frager; and CEMP, LLC (collectively, "Respondents"). The Recommendation alleged Respondents violated Sections 1-401, 1-402 and/or 1-501 of the Act and 660:11-5-42 of the Rules, in connection with the offer and/or sale of securities in and/or from Oklahoma.

October 15, 2010, Respondents filed their answers and requested a hearing.

On November 9, 2010, the Administrator issued an order setting a hearing date of February 23, 2011, and appointing Bruce Kohl, of Santa Fe, New Mexico, as hearing officer.

On December 7, 2010, the Department issued discovery requests to Respondent Keith Geary. On December 14, 2010, the Hearing Officer filed an Agreed Scheduling Order. On December 22, 2010, the Department filed its preliminary list of witnesses and exhibits. On December 22, 2010, the Department received Keith Geary's response to the Department's discovery requests. On December 23, 2010, the Department received a request for production of documents from Geary Securities. On December 23, 2010, Respondents filed their preliminary list of witnesses and exhibits. On December 29, 2010, the Department received a second request for production of documents from Geary Securities.

On January 13, 2011, the Department responded to Geary Securities' second request for production of documents. On January 14, 2011, the Department responded to Geary Securities' first request for production of documents. On January 19, 2011, the Department filed an amended response to Geary Securities' first request for production of documents.

On February 14, 2011, an amended Scheduling Order was filed.

On March 1, 2011, Bank of Union, John Shelley, Mike Braun, and Tim Headington (Third Parties), filed a motion to quash subpoenas issued on behalf of the Geary Respondents and a request for a protective order. On March 7, 2011, the Department received a third request for production of documents from Geary Securities. On March 14, 2011, the Geary Respondents, joined by Respondent Norman Frager, filed a Motion to Strike Witnesses and Allegations, a Motion for Protective Order to Limit Scope of Depositions, Response and Objection to the Bank of Union's Motion to Quash, and an alternative Motion for Expedited Enforcement of Subpoena in the District Court. On March 15, 2011, the Department filed its response to the Geary Respondents' motions. On March 22, 2011, the Department responded to Geary Securities' third request for production of documents. On March 24, 2011, the Department filed a second amended response to Geary Securities' first request for production of documents. On March 24, 2011, the Hearing Officer entered orders denying the Third Parties' Motion to Quash and for Protective Order and an order denying Respondents' Motion to Strike Witnesses and Allegations, Motion for Protective Order to Limit Scope of Depositions, and Motion for Expedited Enforcement of Subpoena in the District Court. On March 25, the Department filed its final list of witnesses and exhibits. On March 25, 2011, the Geary Respondents filed an application for

the judicial enforcement of subpoenas. On March 28, 2011, the Geary Respondents filed a motion for a preclusion order striking witnesses from the Department's final witness list based on the Department's non-compliance with the agreed amended scheduling order. On March 28, 2011, the Geary Respondents filed a Motion for Preclusion Order and Order Striking Witnesses and Allegations, and an Alternative Motion to Compel Production of Responsive Documents Wrongfully Withheld by the Department. On March 28, 2011, the Department filed its amended final list of witnesses. On March 28, 2011, the Geary Respondents filed their objection to the Department's amended final list of witnesses and renewed their request for a hearing on their motion for a preclusion order striking witnesses from the Department's final witness list.

On April 1, 2011, the Department filed its objection and response to the Geary Respondents' motion for a preclusion order striking witnesses from the Department's final witness list and their objection to the Department's amended final list of witnesses. On April 4, 2011, the Geary Respondents filed their reply to the Department's objection and response. On April 5, 2011, Norman Frager joined in the Geary Respondents' motions and objections filed March 28, 2011. On April 5, 2011, the Geary Respondents filed their joint final list of witnesses. On April 5, 2011, the Geary Respondents filed their joint application for modification of the scheduling order deadlines. On April 7, 2011, the Department filed its objection and response to the Geary Respondents' motion for preclusion order and order striking witnesses and allegations, and their alternative motion to compel production of responsive documents. On April 12, 2011, the Geary Respondents filed their reply to the Department's objection and response. On April 12, 2011, the Hearing Officer entered an order denying the Geary Respondents' motion for a preclusion and order striking witnesses from the Department's final witness list. On April 12, 2011, the Hearing Officer filed an Agreed Order Striking Scheduling Order Deadlines.

On May 6, 2011, a telephonic hearing was conducted relating to the discovery items in dispute. The Hearing Officer ruled that certain of the disputed items be submitted for his *in camera* inspection. On May 9, 2011, the Geary Respondents filed their response to the Department's first request for production of documents. On May 24, 2011, the Hearing Officer entered an Agreed Order relating to the procedures for the *In Camera* inspection. The Administrator subsequently determined that he would take no further action to enforce the subpoena issued to Tim Headington.

On July 13, 2011, the Geary Respondents filed a motion for reconsideration of the Administrator's refusal to proceed with enforcement of the Subpoena pursuant to the Order entered on March 24, 2011 by the Hearing Officer.

On August 1, 2011, the Geary Respondents filed an application to deem their motion for reconsidered confessed and granted. On August 4, 2011, the Administrator issued an order denying Respondents' application. On August 5, 2011, the Geary Respondents filed a motion for reconsideration and vacation of the order dated August 4, 2011. On August 5, 2011, the Geary Respondents filed an application for re-issuance of subpoenas to Tim Headington. On August 12, 2011, the Geary Respondents filed an application for the Administrator to take immediate action to enforce the District Court's order dated July 25, 2011, relating to the production of documents by Bank of Union, John Shelley and Mike Braun. On August 19, 2011, the Hearing

Officer issued subpoenas to produce documents and to appear and testify to Tim Headington, David Tinsley, Earl Mills, Eldon Ventris, Jeff Wills, Ray Evans, and Steve Kotter.

On September 22, 2011, a Texas deposition subpoena was issued, on behalf of Respondents, to Tim Headington, a resident of Dallas, Texas. On September 27, 2011, John J. Schirger and Matthew W. Lytle, of the Kansas City law firm of Miller Schirger, LLC, filed a Motion for Temporary Admission and Entry of Appearance of Out of State Counsel. On September 28, 2011, Gary Bryant filed motions to associate counsel as to Mr. Schirger and Mr. Lytle.

On October 3, 2011, the Hearing Officer entered orders admitting John J. Schirger and Matthew W. Lytle to practice. On October 3, 2011, the Geary Respondents and Respondent Frager filed a motion for recusal of the Hearing Officer. On October 10, 2011, the Hearing Officer issued deposition subpoenas to Michael Braun and John Shelley. On October 10, 2011, the Department filed its objection to the motion for recusal of the Hearing Officer. On October 19, 2011, the Geary Respondents filed their reply to the Department's objection to the recusal motion. On October 21, 2011, the Hearing Officer entered an order denying the Respondents' motion for his recusal. On October 31, 2011, the Hearing Officer overruled the Department's objections to the Geary Respondents' outstanding discovery requests.

On November 1, 2011, the Department filed its motion for a summary decision against Norman Frager. On November 8, 2011, Norman Frager filed a motion for an extension of time in which to respond to the Department's motion. The motion was granted. The Geary Respondents filed motions for a preclusion order and an order striking certain of the Department's witnesses and exhibits. On November 21, 2011, the Department filed its objection and response to the Geary Respondents' motion for a preclusion order and an order striking certain of the Department's witnesses, i.e. the Bank of Union Directors, and an exhibit, the Bank of Union Directors' Affidavit. On November 28, 2011, the Department filed its objection and response to the Geary Respondents' motion for a preclusion order and an order striking the Headington Guaranty Agreement. On November 28, 2011, the Geary Respondents filed their reply to the Department's objection and response to the motion for a preclusion order and an order striking the Department's witnesses, the Bank of Union Directors, and the Bank of Union Directors' Affidavit.

On December 1, 2011, Norman Frager filed his response to the Department's motion for a summary decision. On December 7, 2011, the Department filed its reply to Respondent Frager's response. On December 9, 2011, the Geary Respondents filed their reply to the Department's response to the motion for a preclusion order and an order striking the Headington Guaranty Agreement. On December 21, 2011, the Geary Respondents filed a motion to bifurcate and stay the net capital claims. On December 23, 2011, the Department filed its motion for a summary decision against the Geary Respondents. On December 23, 2011, Respondent Frager filed a motion to bifurcate and stay the claims that are also being addressed by FINRA. On December 28, 2011, the Geary Respondents filed a motion for an extension of time in which to respond to the Department's motion for a summary decision. On December 28, 2011, the

Hearing Officer filed an order granting the Geary Respondents' motion for extension of time. On December 28, 2011, Respondent Frager filed a motion for sanctions.

On January 3, 2012, the Department filed its objection to the Geary Respondents' motions to bifurcate and stay the net capital claims. On January 9, 2012, the Department filed its objection to Respondent Frager's motion for sanctions. On January 10, 2012, the Geary Respondents and Respondent Frager filed their joint reply to the Department's objection to the motions to bifurcate and stay the net capital claims and a request for hearing on all pending motions. On January 11, 2012, the Department filed its response to the Respondents' request for a hearing on pending motions. On January 12, 2012, Respondent Frager filed his reply to the Department's objection to his motion for sanctions. On January 13, 2012, Respondent Frager withdrew his motion for sanctions without prejudice. The Hearing Officer set a hearing date for all pending motions. On January 17, 2012, the Geary Respondents filed a supplement to their motion for a preclusion order and an order striking the Headington Guaranty Agreement. On January 23, 2012, the Department filed its response to the Geary Respondents' supplement to their motion for a preclusion order and an order striking the Headington Guaranty Agreement. On January 23, 2012, the Department filed its status report and proposed a hearing date. On January 30, 2012, the Hearing Office entered an agreed order concerning a revised briefing schedule.

On February 1, 2012, the Hearing Officer issued orders denying the Geary Respondents' motion to bifurcate and stay the net capital claims and Respondent Frager's motion to bifurcate and stay the claims also being addressed by FINRA. On February 3, 2012, the Geary Respondents filed their objection and response to the Department's motion for a partial summary decision. On February 8, 2012, the Hearing Officer issued orders denying the Geary Respondents' motions for preclusion orders and orders striking the Headington Guaranty Agreement, the testimony of the Bank of Union Directors, and the Bank of Union Directors' Affidavit. On February 17, 2012, the Bank of Union filed a Motion to Intervene. On February 17, 2012, the Department filed its reply to the Geary Respondents' objection and response to the Department's motion for a partial summary decision. On February 21, 2012, the Geary Respondents' filed their response to Bank of Union's motion to intervene. On February 21, 2012, the Hearing Officer issued deposition subpoenas to David Tinsley, Earl Mills, Eldon Ventris, Jeff Wills, Ray Evans, and Steve Kotter. On February 21, 2012, the Hearing Officer entered an order scheduling a hearing on Bank of Union's motion to quash the deposition subpoenas. On February 23, 2012, the Hearing Officer denied Bank of Union's motion to intervene. On February 27, 2012, Respondent Frager filed a supplemental response to the Department's motion for a summary decision and a motion to dismiss all allegations relating to the May 2009 net capital violations.

On March 5, 2012, the Bank of Union Directors filed their brief in support of their motion to quash the subpoenas issued, or in the alternative, for a protective order limiting the scope of the subpoenas. On March 7, 2012, the Department filed its response thereto. On March 9, 2012, the Geary Respondents filed their response. On March 12, 2012, the Hearing Officer filed an order scheduling a hearing on the motion to quash and for a protective order. On March 13, 2012, the Bank of Union Directors filed their reply brief to further support their motion. On

March 16, 2012, the Hearing Officer denied the Bank of Union Directors' motion to quash the deposition subpoenas and granted the motion for a protective order. On March 21, 2012, the Department filed a motion for a protective order removing certain materials from the public record. On March 26, 2012, the Hearing Officer entered an Agreed Protective Order. On March 30, 2012, the Department filed a second amended final witness list. On March 30, 2012, the Department filed its status report and proposed hearing dates. On March 30, 2012, the Respondents filed a joint response to the Department's status report and proposed hearing dates.

On April 2, 2012, the Respondents filed their endorsement of the Bank of Union Directors as witnesses. The Respondents also filed a notice of application for judicial enforcement of the subpoenas issued to the Bank of Union Directors. On April 4, 2012, the Bank of Union Directors filed a Motion for Reconsideration of their motion to quash. The Respondents filed their response to the reconsideration motion later that same day. On April 5, 2012, the Administrator issued an order denying Respondents' application for judicial enforcement of subpoenas. On April 10, 2012, the Bank of Union Directors filed their reply in support of their Motion for Reconsideration. On April 13, 2012, the Hearing Officer issued subpoenas for the depositions of Michael Shelley and Chris Martin. On April 13, 2012, the Department filed a request for hearing on the pending motions for summary decision. A hearing date was set. On April 13, 2012, the Hearing Officer entered a ruling stating he would delay entry of an order granting the Bank of Union Directors' motion for reconsideration. On April 17, 2012, the Geary Respondents filed a response to the Hearing Officer's ruling. On April 18, 2012, the Bank of Union Directors filed their reply. On April 23, 2012, the Geary Respondents and the Department entered into an agreement wherein Keith Geary agreed not to apply for registration and approval to act as a principal, officer or director of any broker-dealer registered, or required to be registered, under the Act or any successor to the Act, for a period of twenty-five months beginning on May 1, 2012. Geary Securities agreed not to withdraw, rescind or revoke its Form BDW filed on February 29, 2012. Geary Securities also agreed to submit a Form U-5 for each person currently registered as an agent of Geary Securities. On the same date, the Administrator issued an order implementing the provisions of the agreement, to include approval of the firm's request to withdraw its registration under the Act.

		<b>FY-12</b>		<b>FY-11</b>	
		<b>Month</b>	<b>YTD</b>	<b>Month</b>	<b>YTD</b>
	g. Appeals from Final Orders	0	0	0	0
	1. Securities Act	0	0	0	0
	2. Business Opportunity Sales Act	0	0	0	0
	h. Civil Penalties - Amounts Collected	\$0	\$19,824.44	\$0	\$291,039.17
	1. Securities Act	\$0	\$19,824.44	\$0	\$291,039.17
	2. Business Opportunity Sales Act	\$0	\$0	\$0	\$0

		FY-12		FY-11	
		Month	YTD	Month	YTD
	i. Administrative Costs - Amounts Collected	\$0	\$1,000	\$0	\$0
	1. Securities Act	\$0	\$1,000	\$0	\$0
	2. Business Opportunity Sales Act	\$0	\$0	\$0	\$0
	j. Civil Enforcement Activities				
	1. Securities Act				
	i. Subpoenas Issued	0	0	0	32
	ii. Civil Petitions Filed	1	1	0	2
	iii. Civil Trials Held	0	0	0	0
	iv. Criminal Referrals	0	0	0	0
	v. Civil Appeals Filed	0	0	0	0
	vi. Administrative or other Court Appearances (including pleadings filed)	5	42	5	111
	2. Business Opportunity Sales Act				
	i. Subpoenas Issued	0	0	0	0
	ii. Civil Petitions Filed	0	0	0	0
	iii. Civil Trials Held	0	0	0	0
	iv. Criminal Referrals	0	0	0	0
	v. Civil Appeals Filed	0	0	0	0
	vi. Administrative or other Court Appearances (including pleadings filed)	0	0	0	0

**Civil Actions**

**SUMMARY**

**Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator, and Douglas L. Jackson, Court Appointed Receiver v. Robert W. Mathews, *et al.***  
**Civil Case No. CJ-2005-3299 consolidated with CJ-2005-3796**

On May 11, 2005, the Department filed a Petition in the District Court of Oklahoma County, against 158 relief defendants in the Schubert and Associates matter. The individuals named as defendants were: Robert W. Mathews, Marvin L. Wilcox, Pamela J. Wilcox, Detria J. Owens, Kathleen Gibson, Sheryl Mercer, Frank Ward, Alice Sue Ward, Ben J. Allen, Sharon A.

Allen, Michael Rogers, Bob E. Hudson, Wade Toepfer, Janice Fagg, Edward G. Stanton, Kenneth LaRue, Ella Carr, Martin W. Mathews, Beth Armer, *individually, and as trustee for the Beth Armer Revocable Trust*, Shanna Kinslow, Roy E. Landwehr, Vicki L. Landwehr, Scott A. Wilcox, Ryan E. Landwehr, Lindsay Landwehr, John Pumphrey, Carolyn Pumphrey, Justin R. Tarrant, Jeffrey L. Wilcox, Jacquelyn Bounds, Steven R. Espolt, Phillip Yenger, Glenda Yenger, Loyd R. Jones, Richard Brandon Schubert, Hillary Michelle Schubert, Garrett Lee Schubert, Jack D. Simpson, Sue J. Simpson, Robert J. Owens, Chad Johnson, Sonny Harmon, Rodney J. Martin, Wanda Martin, Neil Sheehan, K. R. LaRue, Dana LaRue, Kenneth Young, Leslie A. Young, Alexandra Young, Dean Cue, Claudette Cue, Theresa Pittman, Daniel Jackson, Crystal Jackson, Jerald Wayne Drake, Regina Kraus, Lance E. Berry, Robert E. Proctor, *if living, individually, and as trustee for the Proctor Family Revocable Trust, and if deceased, his unknown successors, Bobbie Proctor, individually, and as trustee for the Proctor Family Revocable Trust*, Sandra K. Phillips, Elnora Viefhaus, Chester J. Weems, Becky Drake, Curtis R. Sanders, Paul Lee, R. Kurt Blair, Wendy B. Blair, Danny Gregory, Martha Gregory, Linda K. Jindra, Josephine Ward, Kerry Long, Raymond C. Laubach, Gary L. Scott, James W. Powell, Billie A. Vincent, Ted A. Payne, Joyce E. Payne, Sean Winn, Trey A. Roehrig, Robert Rains, Angela D. Ewers, Brenda L. Enos, Olin R. Rising, J. M. Miller, Willis Luber, Carol A. Lindley, Maudie L. Cook, Bill Harris, Rebecca Honeyman, Todd A. Ward, William Etheridge, Christopher LaRue, Viola M. Estes, Brian Reinhardt, Tonya Reinhardt, James Wyatt, Thelma Wyatt, Arthur Platt, Bette McClure, Phillip Matthews, Brad Pollard, Allen Griffith, Linda Elliott, Linda Stewart, Chelsea Venable, Gayle Venable, Jamie Walker Glover, Richard LeBoeuf, E. E. Tackett, Timothy W. Rains, Krista Rains, Michael L. Malloy, Renyssa Wines, Mike Bostick, Don Poindexter, Anita Tarralbo, Kirsten Allard, Mike Richey, Shawna Allen, Timothy Jackson, Julia Jackson, Betty Lamb, Bill McCutchen, Brandi Pollard, Craig Simmons, Billy D. Horn, Jack McNally, Laura Payne, Manuel Segura, Kenneth R. Williams, Bertha L. Cooper, Wes Price, Tricia Price, Tawnya Merchant, Margaret Hooley, Janet L. Lawhon, Mary Frates, Bob Prestridge, Jr., Gerald D. Knight, Jim Copeland, Monte Phillips, Vincent H. Scott, Tracy Tarrant, Ellen Clay Benner, Brian Owens, Lloyd Avery, Denise Meloy, Gary L. Bounds, Donald D. Hall, Kevin L. Carnes, Cecil Williams, Jeffrey Palmer, Mark Richards, Melinda Hobbs, Jodi Sharp, and Beverly Kegin.

Subsequent to the filing of the Petition, the Department filed dismissals without prejudice as to Monte Phillips, Wes Price, Tricia Price, Craig Simmons, Danny and Martha Gregory, Tawnya Merchant, Don Poindexter, Bob Prestridge, Jr., Bill McCutchen, Paul Lee, Kenneth R. Williams, Billy D. Horn, James and Thelma Wyatt, Chad Johnson, Brian Owens, Gary Bounds, Kevin Carnes, Margaret Hooley, Kirsten Allard, Bertha Cooper, Lloyd Avery, Brenda Enos, Shawna Allen, Melinda Hobbs, Anita Tarralbo, John Pumphrey, Beverly Kegin, Jodi Sharp, Denise Meloy, J.M. Miller, Viola Estes, and Mike Richey.

The Department dismissed the following persons with prejudice from the suit: Cecil Williams, Michael Malloy, Ben and Sharon Allen, Jamie Walker Glover, Theresa Pittman, Trey Roehrig, Rebecca Honeyman, Willis Luber, Jeffrey Palmer, Bobbie Proctor, Manuel Segura, Jeffrey L. Wilcox, Alexandra Young, Steve Espolt, Carol Lindley, Phillip Mathews, Curtis Sanders, Beth Armer, William and Betty Ethridge, Claudette Cue, Sandra Phillips, Dean Cue, Angela Ewers, Kathleen Gibson, Elnora Viefaus, Olin Rising, Jack McNally *aka* Jack McAnally, Mike Rogers, Linda Jindra, Jim Copeland and Richard LeBoeuf.

During calendar year 2005, orders for disgorgement were issued against Allen Griffith, Gerald Knight, Ellen Clay Benner, Mary Frates, Renyssa Wines, Brad Pollard, and Brandi Pollard. The Department filed a Release and Satisfaction of Judgment as to Brad Pollard, Brandi Pollard, Donald Hall, Gerald Knight, Robert Rains, Mary Frates, and Renyssa Wines.

An Order of Default Judgment and for Disgorgement was issued against Jim Copeland, Bette McClure, Brian and Tonya Reinhardt, Mark Richards, and Tracy Tarrant. The Department subsequently filed a Release and Satisfaction of Judgment as to Bette McClure and Tracy Tarrant.

On December 1, 2005, the Department filed a motion for leave to amend the petition to add party defendants. On January 4, 2006, the Court granted the Department's motion for leave to amend the petition. On January 11, 2006, the Department filed its Amended Petition in the District Court of Oklahoma County adding relief defendants, Richard Butts, John Pumphrey, Jr., and Janet Pumphrey. Richard Butts was subsequently dismissed with prejudice and the Pumphreys were later dismissed without prejudice.

In 2006, the Department filed motions for summary judgment against Tim and Julia Jackson, Richard LeBoeuf, Ryan Landwehr, Roy and Vicki Landwehr, and Lyndsi Landwehr. Journal entries of judgment were entered against Defendants Tim and Julia Jackson, Lyndsi Landwehr, Roy and Vicki Landwehr, and Ryan Landwehr. The Department subsequently filed a Release and Satisfaction of Judgment as to Tim and Julia Jackson, Lyndsi Landwehr, Ryan Landwehr, and Roy and Vicki Landwehr.

The Department filed motions for summary judgment as to Defendants Kurt and Wendy Blair, Linda Elliott, Betty Lamb, Jeffrey Palmer, Theresa Pittman, Bobbie Proctor, Edward Stanton, Justin Tarrant, Ella Carr, Rebecca Honeyman, Carol Lindley, Kerry Long, Robert Rains, Neil Sheehan, Wade Toepfer, Jeff Wilcox, Billie Vincent, Gary Scott, Maudie Cook, William and Betty Ethridge, Angela Ewers, Melvin "Sonny" Harmon, Dan and Crystal Jackson, Loyd Jones, Shanna Kinslow, K.R. and Dana LaRue, Kenneth LaRue, Raymond Laubach, Rodney and Wanda Martin, Martin Mathews, Robert Mathews, Sheryl Mercer, Detria Owens, Robert Owens, Jr., Laura Payne, Ted and Joyce Payne, Sandra K. Phillips, Arthur and Yvonne Platt, Tim and Krysta Rains, Elnora Viefhaus, Frank and Alice Ward, Marvin and Pamela Wilcox, Scott Wilcox, Sean Winn, Alexandra Young, and Ken and Leslie Young. Judge Parrish subsequently entered orders of judgment against Defendants Kurt and Wendy Blair, Robert Rains, Neil Sheehan and Wade Toepfer. Judge Parrish entered journal entries of judgment against Defendants Dan and Crystal Jackson, K.R. and Dana LaRue, Rodney and Wanda Martin, and Ken and Leslie Young. Judge Parrish entered orders of judgment against Defendants Melvin "Sonny" Harman, Shanna Kinslow, Kenneth LaRue, Raymond Laubach, Martin Mathews, Robert Mathews, Sheryl Mercer, Detria Owens, Robert Owens, Jr., Scott Wilcox, and Sean Winn.

The Department filed an Agreed Journal Entry of Judgment and Order of Disgorgement against Carolyn Pumphrey; an Acceptance of Offer of Judgment and Dismissal with Prejudice as

to Mike Bostick; an Agreed Journal Entry of Judgment and Order of Disgorgement as to Josephine Ward; an Agreed Journal Entry of Judgment and Order of Disgorgement and a Release and Satisfaction of Judgment as to Phillip and Glenda Yenzer; a Release and Satisfaction of Judgment as to Detria Owens and Robert Owens, Jr.; a Release and Satisfaction of Judgment as to Sean Winn; dismissals as to Linda D. Kinsey, Arthur G. Norton, and Bill Gene Norton; a Release and Satisfaction of Judgment as to Bill Harris; a Release and Satisfaction of Judgment as to Regina Kraus; and a Consent Judgment as to Gayle Venable.

In 2007, Judge Parrish entered journal entries of judgment against Defendants Arthur and Yvonne Platt, and Marvin and Pamela Wilcox. The Receiver filed a motion for summary judgment against Garrett Schubert and Hillary Schubert. Judge Parrish later entered a Journal Entry of Judgment against Hillary Schubert.

An Agreed Journal Entry of Judgment and Order of Disgorgement was entered against Lance Berry. The Department later filed a Release and Satisfaction of Judgment as to Lance Berry.

As a result of garnishment proceedings initiated by the Receiver against Wade Toepfer, Bob Hudson, and Sheryl Mercer, Judge Parrish approved the garnishees' agreements to pay the monies owed to the Receiver from their arbitration awards upon approval of the amounts by the Logan County District Court. The Department filed a Release and Satisfaction of judgments as to Bob Hudson, Sheryl Mercer and Wade Toepfer.

In 2009, orders to appear and answer as to assets and an injunction forbidding transfer or other disposition of property were issued against Robert Mathews, Marvin Wilcox, and Pamela Wilcox. The Department and the Receiver filed a motion to compel Garnishee, Susan Schoelen, as Trustee of the Betty R. Mathews Family Trust and the W.R. Matthews Trust, to turn over money and property belonging to Judgment Debtor, Robert W. Mathews. Robert Mathews filed a bankruptcy exemption claim and a request for hearing. In July 2009, Judge Glenn M. Jones ordered Marvin Wilcox to appear and answer as to his assets and issued an injunction forbidding the transfer or other disposition of his property. In December 2009, Special Judge James B. Croy ordered Marvin and Pamela Wilcox to appear and answer as to their assets and issued an injunction forbidding the transfer or other disposition of their property.

An Agreed Journal Entry of Judgment and Order of Disgorgement was entered against Garrett Schubert. The Department filed a Dismissal with Prejudice as to Jackie Bounds.

In 2010, an Agreed Journal Entry of Judgment and Order of Disgorgement was entered against Gary Scott. An Agreed Journal Entry of Judgment and Order of Disgorgement was entered against Loyd Jones. Special Judge James B. Croy ordered Robert Mathews to appear and answer as to his assets and issued an injunction forbidding the transfer or other disposition of his property until further notice. An Agreed Journal Entry of Judgment and Order of Disgorgement was entered against Kurt Blair. Judge Parrish entered journal entries of judgment against Defendants Raymond Laubach; Arthur and Yvonne Platt; and Scott Wilcox. On August 23, 2010, the Department and the Receiver filed motions for summary judgment against Daniel and

Crystal Jackson, K.R. and Dana LaRue, Kenneth LaRue, Rod and Wanda Martin, Marvin and Pamela Wilcox, and Kenneth and Leslie Young. Judge Croy ordered Raymond Laubach to appear and answer as to assets and issued an injunction forbidding the transfer or other disposition of his property.

Judge Croy ordered Scott Wilcox to appear and answer as to assets and issued an injunction forbidding transfer or other disposition of property by Scott Wilcox. On September 20, 2010, the Department, the Receiver, and Kenneth and Leslie Young entered into an agreement wherein Defendants Kenneth and Leslie Young agreed that Plaintiffs would retain the \$11,100 previously paid to the Receiver. Defendants Kenneth and Leslie Young further agreed to pay to the Receiver an additional sum of \$5,000. In return, the Plaintiffs agreed to file a dismissal with prejudice.

On October 1, 2010, a hearing was held on the Department's Motion for Summary Judgment against Marvin and Pamela Wilcox, wherein Judge Parrish granted the motion on the issue of liability and denied the motion on the issue of damages or the amount Defendants Wilcox must disgorge. On the same date, Judge Parrish issued journal entries of judgment against K.R. and Dana LaRue; Kenneth LaRue; Rod and Wanda Martin; and Dan and Crystal Jackson.

On November 8, 2010, the Department and the Receiver filed a Release and Satisfaction of Judgment as to Scott Wilcox. Judge Croy ordered Dan and Crystal Jackson, Loyd Jones, K.R. and Dana LaRue and Kenneth LaRue to appear and answer as to their assets and issued an injunction forbidding the transfer or other disposition of their property. On November 16, 2010, the Department and the Receiver filed a Dismissal with Prejudice as to Kenneth and Leslie Young.

On January 31, 2011, Judge Croy ordered Gary Scott and Garrett Schubert to appear and answer as to their assets and issued an injunction forbidding the transfer or other disposition of their property.

On May 25, 2011, Judge Croy ordered Art and Yvonne Platt to appear and answer as to their assets and issued an injunction forbidding the transfer or other disposition of their property.

On June 6, 2011, the Department and the Receiver filed a dismissal as to Loyd Jones.

On July 25, 2011, Judge Geary L. Walke ordered Robert W. Mathews to appear and answer as to his assets and issued an injunction forbidding the transfer or other disposition of his property.

On April 6, 2012, Plaintiffs filed a motion for a hearing on assets as to Robert W. Mathews. On April 9, 2012, Judge Donald Easter ordered Robert W. Mathews to appear and answer as to his assets. The hearing was held on April 30, 2012.

**Oklahoma Department of Securities *ex rel.* Irving L. Faight, Administrator; and Douglas L. Jackson, in his capacity as court-appointed receiver for Marsha Schubert and Schubert & Associates v. The Wilcox Family Revocable Trust, *et al.***  
**Civil Case No. CJ-2009-00202**

On July 21, 2009, Plaintiffs filed an action in Kingfisher County as judgment creditors of Marvin L. Wilcox, trustee of The Wilcox Family Revocable Trust. On July 30, 2009, Matthew R. Oppel filed his entry of appearance as counsel for Scott Alan Wilcox.

On August 19, 2009, Jeffrey C. Trent filed his entry of appearance as counsel for the Trustee and The Wilcox Family Revocable Trust. On August 31, 2009, the Receiver filed an application for a scheduling conference.

On September 18, 2009, the Receiver submitted discovery requests to the Trustee.

On October 26, 2009, Judge Susie Pritchett entered a Scheduling Order. On October 27, 2009, the Receiver filed a motion to compel Trustee to produce the documents requested in the discovery requests.

On November 20, 2009, the Trustee filed his response to the Receiver's discovery requests.

On December 23, 2009, the Receiver issued a notice to take the deposition of Defendant Wilcox. On December 28, 2009, the Receiver filed a Notice of Pendency of Action

On January 4, 2010, the Receiver filed an application for an emergency temporary restraining order and a temporary injunction. On January 11, 2010, the Receiver filed his responses to Defendant's discovery requests. On January 19, 2010, the Receiver filed a Release of Notice of Pendency of Action. On January 25, 2010, Judge Pritchett issued a Temporary Injunction prohibiting the Trustee from dissipating or distributing any of the remaining assets in the Trust.

On April 5, 2010, Defendants' filed a motion to vacate the injunction against Trustee. On April 20, 2010, the Plaintiffs filed their response to the Defendant's motion as well as a motion to stay or, in the alternative, a motion for a continuance. On April 20, 2010, Judge Pritchett entered an order staying the motion to vacate and granting the motion for a stay or continuance.

On September 28, 2011, a hearing was held wherein Judge Davis denied the Trustee's motion to vacate the injunction and granted the Plaintiffs' counter-motion to initiate a contempt proceeding. Judge Davis also issued a citation for contempt against Defendant Wilcox for violating the temporary injunction; struck the pretrial conference; and modified the temporary injunction to allow the Trust to pay its outstanding tax preparation fees.

On January 27, 2012, the Plaintiffs filed a motion for summary judgment against Defendant Wilcox. On January 27, 2012, a pre-trial conference hearing for the trial of the case and the contempt trial against Defendant Wilcox was held. Judge Davis found Defendant Wilcox in default for failing to appear at the pre-trial conference and found the substantive allegations of the petition should be admitted. Judge Davis issued a judgment against Defendant Wilcox.

On April 9, 2012, the Plaintiffs withdrew their motion for indirect civil contempt after Defendant Wilcox repaid the money owed to the estate.

**U.S. Commodity Futures Trading Commission and the Oklahoma Department of Securities  
*ex rel.* Irving L. Faught, Administrator v.  
Prestige Ventures Corp., Federated Management Group, Inc., Kenneth Wayne Lee and  
Simon Yang *aka* Simon Chen, Defendants  
Sheila M. Lee, David A. Lee and Darren Lee, Relief Defendants  
Civil Case No. 09-CV-1284**

During the month of November 2009, Plaintiffs filed their Complaint for Injunctive and other Equitable Relief and for Civil Penalties in the United States District Court Western District of Oklahoma, against the defendants for violations of the Commodity Exchange Act and Commission Regulations and Oklahoma Uniform Securities Act of 2004, in connection with soliciting and accepting at least \$8.7 million from at least 140 members of the general public to participate in commodity pools for trading commodity futures contracts and other financial instruments, including stocks, stock options, and foreign currency. Plaintiffs filed their *ex parte* motion and brief for a statutory restraining order, appointment of a temporary receiver, expedited discovery, accounting, order to show cause regarding the preliminary injunction, and other equitable relief. The motion was granted. Entries of appearance were filed by Warren F. Bickford, as counsel for the Receiver, Stephen Moriarty; Stephen Moriarty, as the Receiver; Terra Bonnell and Patricia Labarthe, as counsel for the Department; and Katherine Driscoll, as counsel for the CFTC.

During the month of December 2009, the Receiver filed notices of pendency of action as to properties located at 1660 Jorrington Street, Mt. Pleasant, South Carolina and 1912 Northwest 176th Terrace, Edmond, Oklahoma. Judge David Russell entered a Consent Order of Preliminary Injunction and other Equitable Relief as to Defendants Kenneth Lee and Yang. Defendant Yang filed his answer to the Plaintiffs' Complaint.

During the month of January 2010, the Plaintiffs filed a Motion for Clerk's Entry of Default against Kenneth Lee. The Clerk entered a default against Kenneth Lee. The Receiver filed his initial report as to discovery of assets and analysis of potential investor claims.

During the month of March 2010, the Plaintiffs filed a motion to file their first amended complaint. The motion was granted. The Plaintiffs filed a motion to amend the *ex parte* statutory restraining order, appointment of a temporary receiver, expedited discovery, accounting, order to show cause regarding the preliminary injunction, and other equitable relief to cover

Sheila Marjorie Lee, David Armstrong Lee, and Darren Alexander Lee (collectively, "Relief Defendants") as relief defendants. The motion was granted. The Plaintiffs filed a motion for an order finding Kenneth Lee, Simon Yang, David Lee and Darren Lee in contempt of the Court's order issued on December 12, 2009. The Plaintiffs filed their first amended complaint. The Defendants filed a motion to stay the receivership of any property owned by Kenneth Lee, Sheila Lee, Darren Lee and David Lee and to allow Kenneth Lee to trade for the account of investors for purposes of repayment. The Plaintiffs filed their opposition to the Defendants' motion. Darren Lee filed his answer to the Plaintiffs' first amended complaint. Defendant Kenneth Lee and Relief Defendants David Lee, Sheila Lee and Darren Lee filed their responses to the order granting the Plaintiffs' motion to the *ex parte* statutory restraining order. Kenneth Lee filed his opposition to the Plaintiffs' objection to the Defendants' motion to stay the receivership. A hearing was set for the Plaintiffs' motion for contempt against Kenneth Lee, Simon Yang, David Lee and Darren Lee and the Defendant's motion to stay the receivership.

During the month of April 2010, the Plaintiffs filed their replies to Defendant Kenneth Lee's and Relief Defendants' responses to the order granting Plaintiffs' motion to the *ex parte* statutory restraining order. Darren Lee filed his answer to the Plaintiffs' motion to amend the *ex parte* statutory restraining order. The Plaintiffs filed their reply to Darren Lee's answer to amend the *ex parte* statutory restraining order. Responses to the amended complaint were filed by Defendant Kenneth Lee and Relief Defendants Sheila Lee and David Lee. Responses to Plaintiffs' motion for contempt against Kenneth Lee, Yang, David Lee and Darren Lee were filed by Defendant Kenneth Lee and Relief Defendants Darren Lee and David Lee. Relief Defendant Darren Lee filed his response to the Plaintiffs' objections and responses to Darren Lee's requests for documents. Requests for motion to stay the receivership were filed by the Relief Defendants. Darren Lee filed his response to the Plaintiffs' reply to his answer to the motion to amend to *ex parte* statutory restraining order.

During the month of May 2010, the Receiver filed a motion for an order requiring Kenneth Lee, Sheila Lee, Darren Lee and David Lee to provide proof of insurance, current payment of real estate taxes, and procedures to allow verification of the upkeep and maintenance of certain property. The Court denied the motions to stay the receivership filed by the Relief Defendants. Judge Russell issued an Order of Civil Contempt against Defendant Kenneth Wayne Lee and Relief Defendant David A. Lee. Kenneth Lee and David Lee filed their responses to the Receiver's motion for an order requiring proof of insurance, current payment of real estate taxes, and procedures to allow verification of the upkeep and maintenance of certain property. The Receiver filed his reply to Kenneth Lee's and David Lee's responses to the motion. Judge Russell declined the Receiver's motion. The Receiver filed his reports to purge the civil contempt against Kenneth Lee and David Lee.

During the month of June 2010, Relief Defendant Darren Lee filed a request for a motion of continuance. The motion was denied.

During the month of July 2010, the Plaintiffs filed a motion to strike, or in the alternative, dismiss Simon Yang's "Innocence of Charges and Compensation for Simon Yang." The motion was granted.

During the month of August 2010, Defendant Yang filed a proposal to trade commodities and other financial products in a "Test Trading Account" to be funded and controlled by Yang. In his proposal, Yang asserts that if Kenneth Lee makes monthly returns averaging 2.00% or higher during a six month trial period, Lee must be a "gifted trader" and must not have operated a Ponzi scheme. Yang proposes that in the event Lee makes such a return the Court dismiss the lawsuit. Yang further proposed that the lawsuit resume if Lee makes less than a 1% average monthly return during the six month trial period because it will have been demonstrated that Lee is not a gifted trader. Yang believes it is the responsibility of Prestige Ventures and Ken Lee to return all investors' capitals to its clients. The Plaintiffs filed their response to Yang's proposal. James H. Holl filed his Entry of Appearance as counsel for the CFTC.

During the month of September 2010, the Plaintiffs filed a motion for summary judgment against Defendants Prestige Ventures Corp., Federated Management Group, Inc., Kenneth Wayne Lee and Simon Yang and Relief Defendants Sheila M. Lee, David A. Lee, and Darren Lee. Defendant Yang filed his response to Plaintiffs' objection to his proposal. Requests for damages were filed by Darren Lee and Simon Yang. Judge Russell issued an order denying Yang's proposal. Kevin S. Webb filed his Entry of Appearance as counsel for the CFTC. The Plaintiffs filed a motion to strike, or in the alternative, dismiss Yang's request for damages. The Plaintiffs filed their response and objection to Darren Lee's request for damages.

On October 26, 2010, the Plaintiffs filed motions in limine for 1) an order deeming admitted the Plaintiff Commission's First Set of Requests for Admissions, Interrogatories, and Document Requests to Defendant Kenneth Lee, and 2) an order to preclude Defendants and Relief Defendants from presenting witnesses and exhibits in their case in chief. On October 27, 2010, Judge Russell issued an Order granting the Plaintiffs' motion for summary judgment with regard to Defendants' liability and denied Defendants Darren Lee's and Simon Yang's requests for damages.

On November 1, 2010, the Department and the CFTC filed their final pretrial report. On the same date, Judge Russell entered an order approving the Plaintiffs' pretrial report. On November 3, 2010, Defendant Darren A. Lee filed a second request for a motion for continuance. On the same date, Judge Russell denied the motion. On November 18, 2010, the Department and the CFTC filed their Proposed Findings of Fact, Conclusions of Law, and Order. On November 29, 2010, Defendant Kenneth Lee and Relief Defendants Sheila Lee, David Lee and Darren Lee filed their response to Plaintiffs' proposed finding of facts and conclusions of law.

On November 29, 2010, Judge Russell issued an Order wherein the Receiver was authorized to take possession of, market and sell the Kenneth and Sheila Lee residence, the Darren Lee residence and a boat.

Judge Russell ordered Sheila Lee to disgorge the total sum of \$711,845; Darren Lee to disgorge the total sum of \$638,938; and David Lee to disgorge the total sum of \$574,273. Prestige, Federated, and Kenneth Lee shall, jointly and severally, pay restitution totaling \$5,857,503.00 (plus pre-judgment and post-judgment interest) to the Receiver for distribution to

the Prestige Enterprise investors. Prestige and Federated shall, jointly and severally, pay a civil monetary penalty in the amount of \$18.2 million to the Commission, plus post-judgment interest, within ten (15) days of the date of the entry of this Order. Should Defendants Prestige and Federated not satisfy their civil monetary penalty obligation within fifteen (15) days of the date of entry of this Order, post-judgment interest shall accrue on the obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961.

Judge Russell ordered Kenneth Lee to pay a civil monetary penalty in the amount of \$7.2 million to the Commission plus post-judgment interest, within fifteen (15) days of the date of the entry of this Order. Should Kenneth Lee not satisfy his civil monetary penalty obligation within fifteen (15) days of the date of entry of this Order, post-judgment interest shall accrue on the obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961.

Judge Russell ordered Simon Yang to pay restitution totaling \$133,000 (plus pre-judgment and post-judgment interest) to the Receiver for distribution to the Prestige Enterprise investors. The amount to be paid to each investor shall be determined by the Court after recommendation by the Receiver. The Court did not impose a civil fine as to Defendant Yang but precluded him from making a claim for restitution or any return of funds or payment from Prestige, Federated, Kenneth Lee, the Receiver and/or the Receivership.

On December 8, 2010, Defendant Kenneth Lee and the Relief Defendants filed motions for reconsideration and relief from judgment. On December 9, 2010, Relief Defendant Sheila Lee filed a motion to release her bank accounts that were frozen in the SRO. On December 9, 2010, Defendant Kenneth Lee and the Relief Defendants filed their notices of appeal. On December 13, 2010, Defendant Kenneth Lee and the Relief Defendants filed their motions to stay execution of Judge Russell's Order filed on November 29, 2010. On December 17, 2010, Defendant Simon Yang filed his notice of appeal. On December 20, 2010, the Plaintiffs' filed their objections and responses to the motions for reconsideration and relief from judgment.

On January 3, 2011, Defendant Lee and the Relief Defendants filed applications to proceed in district court without prepaying fees or costs. On January 13, 2011, Judge Russell issued orders denying the applications; motions for reconsideration and relief from judgment; motions to stay execution of Order dated November 8, 2010; and denied Sheila Lee's motion to release her bank accounts that were frozen in the Statutory Restraining Order.

On February 23, 2011, the Receiver filed his report regarding his taking possession of 1660 Jorrington, Mt. Pleasant, SC and 2676 Palmetto Hall Boulevard, Mt. Pleasant, SC.

On April 14, 2011, the Receiver filed his report regarding the sale of 1660 Jorrington, Mt. Pleasant, SC. On April 15, 2011, the Receiver filed an application for compensation and reimbursement of expenses. On April 20, 2011, Relief Defendant Darren Lee filed a motion to divest the Receiver. On April 29, 2011, the Receiver filed his report regarding the sale of 2676 Palmetto Hall Boulevard, Mt. Pleasant, SC.

On May 6, 2011, the Receiver filed his response to Relief Defendant Darren Lee's motion to divest the Receiver. On May 10, 2011, the CFTC filed its notice for non-opposition to the Receiver's application for compensation and reimbursement of expenses. On May 10, 2011, Judge Russell entered an order denying Relief Defendant Darren Lee's motion to divest the Receiver, and granted the Receiver's application for compensation and reimbursement of expenses.

On October 24, 2011, the Receiver filed his report regarding investor claims. On October 31, 2011, the Receiver filed an application with the Court seeking to establish a claims procedure for potential claimants and creditors.

On November 4, 2011, the Receiver filed a second application for compensation and reimbursement of expenses. On November 4, 2011, the CFTC filed its notice for non-opposition to the Receiver's second application for compensation and reimbursement of expenses. On November 21, 2011, the Department and the CFTC filed their notice for non-opposition to the Receiver's application for a claims procedure. On November 28, 2011, Judge Russell entered orders granting the Receiver's motions to establish a claims procedure, and for attorney fees.

During the month of December 2011, proofs of claim were filed by Hsi-Ling Huang, Qing Yang, Bihu Huang, Chi Ming Lee, Chi Ming Lee, Chi Ming Lee, Cherry To, Mark Li, Yi Xu, Yan Su, Yu-Chao Hsieh, Chuan Liu, Yongsheng He, Ning Hu, Jiaosheng Jiang, Haifeng Zhou, Huijie Cao, Yeen-Kuen Wu, Changjiang Zhu, Jundong Lan, and Lijuan Zhang. On December 15, 2011, the Receiver filed an Affidavit of Proof of Publication of the Notice to Creditors and Deadline to File Claims. On December 21, 2011, the United States Court of Appeals issued a mandate for this case. On December 27, 2011, the Receiver filed an Affidavit of Publication regarding orders granting the Receiver's motions to establish a claims procedure, and for attorney fees.

On January 26, 2012, Jundong Lan filed a supplement to his claim. On January 30, 2012, a proof of claim was filed by Van Thuan Nguyen.

On February 3, 2012, Van Thuan Nguyen filed an amended claim. During February, proofs of claim were filed by Bingguang Li, Dorothy Jyh-Fang Cheng, Yujun Liu, Mei Wu, Jinpeng Peng, Xiaomei Guo.

On March 26, 2012, the Receiver filed a motion for a proposed distribution and a request for hearing. On March 26, 2012, the Department and the CFTC filed notices of non-opposition to the Receiver's motion.

On April 13, 2012, the Receiver filed an application for an order setting hearing and a deadline for objections to the proposed distribution. The application was granted.

**Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator v. Sam M. Crosby**  
**Civil Case No. CJ-2005-3299 consolidated with CJ-2005-3796**

On April 27, 2012, the Department filed a Petition for Permanent Injunction and Other Equitable Relief in the District Court of Oklahoma County against Sam M. Crosby alleging violations of Sections 1-301 and 1-402 of the Act. On the same date, Defendant Crosby submitted a Stipulation and Consent to the Department wherein Defendant consented to the entry of a final judgment and permanent injunction and waived any right to appeal the order. The Department had no objection to the stipulation and submitted the order to the Court. On April 27, 2012, Judge Lisa T. Davis issued a Final Order, Judgment and Permanent Injunction against Defendant Crosby. The Court will retain jurisdiction for the purpose of enforcement of the stipulation and the order.

		<b>FY-12</b>		<b>FY-11</b>	
		<b>Month</b>	<b>YTD</b>	<b>Month</b>	<b>YTD</b>
	k. Miscellaneous Activities				
	1. Public Information/Press Releases (copy attached)	0	0	0	0
	2. Trainings/Seminars Attended	0	6	4	26
	3. Coordinated Activities	0	0	0	0
<b>III.</b>	<b>Inquiries and Complaints</b>				
	a. Inquiries	1	49	2	36
	b. Referrals from Other Oklahoma Agencies	0	7	1	1
	c. Referrals from Out of State Agencies	0	4	0	2