

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:** *November 10, 2016*

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

Attached is the report of the enforcement activities of the Department for the months of September and October 2016.

Attachment

[h:/home/londonb/EnforcementReports/16\\_Enf-Reports\\_Sep-Oct\\_2016.doc](h:/home/londonb/EnforcementReports/16_Enf-Reports_Sep-Oct_2016.doc)

**OKLAHOMA DEPARTMENT OF SECURITIES  
ENFORCEMENT ACTIVITIES  
SEPTEMBER AND OCTOBER 2016**

		<b>FY-17</b>	<b>FY-16</b>
		<b>YTD</b>	<b>YTD</b>
<b>I.</b>	<b>Enforcement Files</b>		
	a. Enforcement Files Opened	16	26
	1. Securities Act	15	24
	2. Business Opportunity Sales Act	1	2
	3. Other	0	0
	b. Enforcement Files Closed	26	12
	c. Active Enforcement Files	122	184
<b>II.</b>	<b>Actions Taken</b>		
	a. Administrative Subpoenas	15	26
	1. Securities Act	13	26
	2. Business Opportunity Sales Act	2	0
	b. Orders Initiating Investigation	2	0
	1. Securities Act	2	0
	2. Business Opportunity Sales Act	1	0
	c. Summary Orders	0	0
	1. Securities Act	0	0
	2. Business Opportunity Sales Act	0	0
	d. Notices of Opportunity for Hearing Served	7	3
	1. Securities Act-Notices	7	3
	i. Hearing Set	0	1
	ii. Hearings Held	0	0
	2. Business Opportunity Sales Act Notices	0	0
	i. Hearing Set	0	0
	ii. Hearings Held	0	0

		<b>FY-17</b>	<b>FY-16</b>
		<b>YTD</b>	<b>YTD</b>
e. Other Orders		9	0
1. Securities Act		9	0
2. Business Opportunity Sales Act		0	0
f. Public Undertakings/Agreements		3	4
1. Securities Act		3	4
2. Business Opportunity Sales Act		0	0
g. Confidential Settlement Agreements		0	0
1. Securities Act		0	0
2. Business Opportunity Sales Act		0	0
h. Letters of Caution		2	2
1. Securities Act		2	2
2. Business Opportunity Sales Act		0	0
i. Appeals from Final Orders		0	0
1. Securities Act		0	0
2. Business Opportunity Sales Act		0	0
j. Civil Penalties - Amounts Collected		\$0	\$5,000
1. Securities Act		\$0	\$5,000
2. Business Opportunity Sales Act		\$0	\$0
k. Administrative Costs - Amounts Collected		\$0	\$0
1. Securities Act		\$0	\$0
2. Business Opportunity Sales Act		\$0	\$0

		<b>FY-17</b>	<b>FY-16</b>
		<b>YTD</b>	<b>YTD</b>
	<b>I. Civil Enforcement Activities</b>		
	<b>1. Securities Act</b>		
	i. Subpoenas Issued	0	0
	ii. Civil Petitions Filed	1	0
	iii. Civil Trials Held	0	0
	iv. Criminal Referrals	0	1
	v. Civil Appeals Filed	0	0
	vi. Administrative or other Court Appearances (including pleadings filed)	8	23
	<b>2. Business Opportunity Sales Act</b>		
	i. Subpoenas Issued	0	0
	ii. Civil Petitions Filed	0	0
	iii. Civil Trials Held	0	0
	iv. Criminal Referrals	0	0
	v. Civil Appeals Filed	0	0
	vi. Administrative or other Court Appearances (including pleadings filed)	0	0
	<b>m. Miscellaneous Activities</b>		
	1. Public Information/Press Releases (copy attached)	1	0
	2. Trainings/Seminars Attended	13	7
	3. Coordinated Activities	0	0
	<b>III. Inquiries and Complaints</b>		
	a. Inquiries	14	25
	b. Referrals from Other Oklahoma Agencies	2	2
	c. Referrals from Out of State Agencies	1	2

Administrative Actions

SUMMARY

**In the Matter of: Philip Matthew Hale, individually and dba Smart Business Pros LLC, Internet Market Master, LLC, and Jennifer Fernandez  
ODS File No. 15-075**

On August 29, 2016, the Administrator issued an order to cease and desist against Philip Matthew Hale, individually and dba Smart Business Pros LLC, Internet Market Master, LLC, and Jennifer Fernandez (collectively, "Respondents"). Respondents violated Sections 1-301 and 1-402 of the Oklahoma Uniform Securities Act of 2004 ("Act") in connection with the offer and sale of an investment in a credit card processing business.

Respondents failed to request a hearing and the order to cease and desist became final by operation of law. On October 5, the Administrator issued a final cease and desist order against Respondents.

**In the Matter of: Manna Source Sustainable, LLC, Jerrold Wayne Myers, and Gary Douglas Warlick  
ODS File No. 17-007**

On September 7, 2016, the Administrator issued an Order Initiating Investigation against Manna Source Sustainable, LLC, Jerrold Wayne Myers, and Gary Douglas Warlick, all of Bartlesville, Oklahoma, in connection with possible violations of the Business Opportunity Sales Act, the Act and/or the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities ("Rules"), involving the offer and/or sale of unregistered business opportunities and unregistered securities.

**In the Matter of: Kevin Mark Reed  
ODS File No. 17-009**

On October 12, 2016, the Administrator of the Department issued a Notice of Opportunity for Hearing on an Enforcement Division Recommendation (Recommendation) relating to the activities of Kevin Mark Reed (Reed) of Fort Wayne, Indiana. Reed was registered under the Act as an agent of Fifth Third Securities, Inc., from May 25, 2010, until July 13, 2016. Reed applied for registration under the Act as an agent of Packerland Brokerage Services, Inc., on August 19, 2016. Reed's application is pending. While at Fifth Third Securities, Inc., Reed engaged in dishonest and unethical practices in the securities business by failing to observe high standards of commercial honor and just and equitable principles of trade through the falsification and alteration of customer documentation. The Enforcement Division recommends the denial of Reed's agent registration.

**In the Matter of:    Kenneth Feyers and Peter P. Viater  
                                 ODS File No. 16-001**

On October 25, 2016, the Administrator issued orders to cease and desist against Kenneth Feyers (Feyers) of Coral Springs, Florida, and Peter P. Viater (Viater) of Ashland, Wisconsin. Respondents violated Section 1-402 of the Act by effecting or attempting to effect purchases or sales of securities, in Oklahoma, without registration as agents. Respondents have thirty (30) days after service of the order to request a hearing.

Civil Actions

SUMMARY

**Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator v. Jasmine, Inc.; Oklahoma Energy Exchange, LLC; Harrisburg Prospect Lease Fund, LLC; Gates Oil & Gas, Ltd.; Harrisburg 2 Prospect Lease Fund, LLC; Jimmy W. Gray; Greg L. Gray; Michael K. Gray; and Lance P. Bowman  
Civil Case No. CJ-2013-5023**

On September 9, 2013, the Department filed a Petition for Permanent Injunction and other Relief in the District Court of Oklahoma County against the above-named Defendants alleging violations of Sections 1-301, 1-402 and 1-501 of the Act. The Department also filed an application for a temporary restraining order, an asset freeze, an accounting and a temporary injunction. On the same date, Judge Patricia Parrish, for Judge Barbara Swinton, issued a temporary restraining order, an order for an asset freeze as to the business entities, and an order for an accounting. On September 30, a hearing was held wherein Judge Swinton entered an agreed order appointing L. Vance Brown (Brown) as the Receiver for Defendants Jasmine, Inc. (Jasmine), Gates Oil & Gas, Ltd. (Gates), and Harrisburg 2 Prospect Lease Fund, LLC (Harrisburg 2). She also issued a temporary injunction against Defendants Jasmine, Gates, Harrisburg 2, Jimmy Gray, Michael Gray and Lance Bowman. On October 17, Judge Swinton entered an order appointing Brown as the Receiver for Defendants Oklahoma Energy Exchange, LLC and Harrisburg Prospect Lease Fund, LLC. On October 23, Judge Swinton entered an agreed order vacating the asset freeze as to the entities subject to the receivership. Judge Swinton also issued a temporary injunction against Defendants Oklahoma Energy Exchange, LLC (OEE) and Harrisburg Prospect Lease Fund, LLC.

On April 1, 2014, the Administrator and Defendant Bowman agreed to the entry of an Agreed Judgment wherein Bowman is restrained and enjoined from, directly or indirectly, participating in or facilitating, the offer and/or sale of any security in and/or from Oklahoma for a one-year period beginning March 31, 2014 through March 31, 2015. Defendant Bowman agreed to disclaim and relinquish all legal and equitable right, title, claim, or interest in Jasmine, Inc., Oklahoma Energy Exchange, LLC, Harrisburg Prospect Lease Fund, LLC, Gates Oil & Gas, LTD, and Harrisburg 2 Prospect Lease Fund, LLC.

On January 8, 2015, Defendants Jimmy Gray and Michael Gray agreed to the entry of judgments wherein Defendant Jimmy Gray is restrained and enjoined from, directly or indirectly, participating in or facilitating the offer and/or sale of any security in and/or from Oklahoma. Defendant Michael Gray is restrained and enjoined from, directly or indirectly, participating in or facilitating the offer and/or sale of any security in and/or from Oklahoma for a five-year period commencing December 28, 2014. Defendants Jimmy Gray and Michael Gray also agreed to disclaim and relinquish all legal and equitable right, title, claim, or interest in Jasmine, Inc., Oklahoma Energy Exchange, LLC, Harrisburg Prospect Lease Fund, LLC, Gates Oil & Gas, LTD, and Harrisburg 2 Prospect Lease Fund, LLC; to take no action, directly or indirectly, to hinder or obstruct the Receiver in the conduct of his duties or to interfere in any manner, directly

or indirectly, with the custody, possession, or control exercised by said Receiver; and to make restitution to investors to be identified by the Court, in amounts to be determined by the Court. On January 8, Judge Swinton entered judgments against Defendants Jimmy Gray and Michael Gray.

On August 26, 2015, the Receiver filed applications to request a judicial determination of ownership of certain working interests in the Mackenzie Well under the Mackenzie Well Private Placement Memorandum, and to submit an authorization for expenditure to working interest owners.

During the month of September, the Department filed its response to the application for attorney fees and costs filed by counsel for certain of the defendants. Judge Swinton granted the application in the amount of \$50,221.37. Judge Swinton also granted the Receiver's application for payment of fees and expenses in the amount of \$165,532.40. Judge Swinton entered an order continuing the hearing on the Receiver's application to request a judicial determination of ownership of certain working interests in the Mackenzie Well.

On October 26, the Administrator and Defendant Greg L. Gray agreed to the entry of an Agreed Judgment wherein Gray is restrained and enjoined from, directly or indirectly, participating in or facilitating the offer and/or sale of any security in and/or from Oklahoma. Gray agreed to disclaim and relinquish all legal and equitable right, title, claim, or interest in Jasmine, Inc., Oklahoma Energy Exchange, LLC, Harrisburg Prospect Lease Fund, LLC, Gates Oil & Gas, LTD, and Harrisburg 2 Prospect Lease Fund, LLC. Defendant Gray is to make restitution to investors to be identified by the Court, in amounts to be determined by the Court. On October 28, Judge Swinton determined those persons with ownership interests in the Mackenzie Well.

On August 17, 2016, an entry of appearance was filed by Wyatt D. Swinford of Elias Books Brown & Nelson PC as counsel for the Receiver. The Receiver filed an application for approval to pay an expenditure associated with the emergency remediation of a disposal well.

During the month of September, the Court approved payment of the expenditure associated with the remediation of a disposal well. The Receiver filed an application for payment of fees and expenses incurred during the period commencing August 1, 2015, and ending August 31, 2016, in the amount of \$158,177.48. The application was granted. The Receiver filed his second accounting for the administration of the receivership.

**Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator v. Seabrooke Investments, LLC; Seabrooke Realty, LLC; Oakbrooke Homes, LLC; Bricktown Capital, LLC; KAT Properties, LLC; Cherry Hill, LLC *dba* Cherry Hill Apartments; Tom W. Seabrooke; and Judith Karyn Seabrooke  
Civil Case No. CJ-2014-4515**

On August 11, 2014, the Department filed a Petition for Permanent Injunction and Other Equitable Relief in the District Court of Oklahoma County against the above-named Defendants,

all of Oklahoma City, Oklahoma, alleging violations of Sections 1-301, 1-402 and 1-501 of the Act. The Department also filed an Application for a Temporary Restraining Order, Order Freezing Assets, Order Appointing Receiver, Order for Accounting and Temporary Injunction. On the same date, Judge Patricia G. Parrish issued a Temporary Restraining Order, Order Appointing Receiver, Order Freezing Assets, and Order for Accounting. Judge Parrish appointed Ryan Leonard as Receiver. On August 18, Robert Edinger filed his entry of appearance as counsel for the Receiver. On August 19, the Defendants filed a motion to vacate the temporary restraining order. On August 19, a hearing was held on the Department's application for a temporary injunction and Defendants' motion to vacate the temporary restraining order. Judge Parrish ordered the entry of a temporary injunction and ordered that the asset freeze, with the exception of one bank account, and the receivership remain in effect.

On September 9, a hearing was held on the Receiver's emergency motion to release the Bricktown Hotel and Convention Center as an asset of the Receivership. The Receiver believed that the value of the hotel was less than the value of its existing mortgages. The Court ordered that the Bricktown Hotel and Convention Center be released from the asset freeze and receivership. Upon oral motion by the Seabrookes' counsel, the Court considered compensation from the receivership estate for Tom and Karyn Seabrooke. The Court authorized a one-time \$4,000 payment to Tom Seabrooke for his prior services in management of the hotel. The Court further authorized Karyn Seabrooke to receive a monthly payment of \$2,500 for property management services so long as the Receiver continues to utilize her services and one-half of all real estate commissions earned by Seabrooke Realty, LLC so long as she is licensed to sell real estate, employed by Seabrooke Realty, LLC, and utilized by the Receiver in that regard.

After the Court's September compensation ruling, the Department filed a motion to remove Tom and Karyn Seabrooke from employment by the receivership. This motion was heard on October 14. The Court denied the Department's motion and ruled that Karyn Seabrooke would continue to receive monthly compensation in the amount of \$2,500.

During the month of November, 2014, the Court approved the Receiver's fee application for the month of September and the Receiver filed an application for the approval of his October 2014 fees. An agreed order was entered for the sale of the Cherry Hill Apartments located at 4708 S.E. 44<sup>th</sup> Street, Oklahoma City, Oklahoma ("Cherry Hill Apartments"). The Department filed a motion to retain the commission from the receivership sale of the Cherry Hill Apartments. The Defendants filed an objection to the Department's motion to retain the commission and the Department filed a reply. An agreed order was entered for the sale of property located at 2528 N.W. 12<sup>th</sup> Street in Oklahoma City, Oklahoma. An order was issued memorializing a September 2014 decision of the Court approving compensation to Tom and Karyn Seabrooke.

During the month of December, 2014, the Receiver filed a motion for contempt and for a declaratory order against First Commercial Bank ("FCB") regarding the release of funds escrowed in connection with the sale of the Cherry Hill Apartments. Judge Parrish ordered the commission from the sale of the Cherry Hill Apartments to be escrowed. The Receiver filed an application for the Court to establish a claims procedure for creditors and/or investors. First National Bank of Weatherford ("FNB-Weatherford") filed a motion for the release of the

Oakbrooke Lawton Property from the Receivership estate. The Court approved the Receiver's October fee application and the Receiver filed an application for an order approving fees and expenses for the month of November.

During the month of January 2015, FNB-Weatherford filed a motion for the release of the Oakbrooke College Park Property from the Receivership estate and a supplement to its motion for the release of the Oakbrooke Lawton Property. An agreed order was entered releasing the property from the Receivership estate. Quail Creek Bank ("QCB") filed a motion to disburse escrowed funds to QCB. Bricktown Capital LLC ("Bricktown Capital") filed a motion to disburse escrowed funds to Bricktown Capital and for the payment of expenses of hotel vendors, and an objection to QCB's motion for disbursement. QCB filed an objection to Bricktown Capital's motion for disbursement of escrowed funds and for the payment of expenses of hotel vendors. The Department and the Receiver filed responses to QCB's motion. The Department also filed a response to Bricktown Capital's motion. QCB filed a response to all parties' objections to its motion. Wayne Doyle, a non-party, filed a motion for leave to intervene. An agreed protective order was issued relating to certain information requested from Wayne Doyle. The Court approved the Receiver's November fee application. An agreed order was entered establishing a claims procedure and setting a March 15, 2014 deadline for the filing of claims.

During the month of February, agreed orders were entered authorizing conditional intervention by FCB and Wayne Doyle. FCB filed its response to the Receiver's contempt motion and the application for an order to disburse escrowed attorney's fees relating to the Cherry Hill Apartments. Ilana D. Sharpe filed her entry of appearance as counsel for the Defendants. The Receiver filed a response to Bricktown Capital's motion for payment to hotel vendors. A hearing was held on February 6, wherein the Court granted, in part, QCB's motion to disburse escrowed funds. The Court ordered the payment of \$6,064.20 to QCB and the payment of the remaining escrowed funds to the Receiver. At the hearing, the Court postponed a decision on the Defendants' motion to pay hotel vendors. An order was issued memorializing the February 6 rulings. Bricktown Capital filed a motion to strike the order and to substitute a corrected order. Agreed orders were entered releasing the Oakbrooke College Park Property from the Receivership estate and continuing the hearing on the FNB-Weatherford intervention motion. Alicia Holtslander-Petrone filed an emergency application to intervene and a motion for an emergency order for the disposition of assets relating to Receivership properties on 17<sup>th</sup> Street in Oklahoma City, Oklahoma. The Receiver filed a fee application for December 2014 and January 2015. Defendants filed an objection to this fee application. An agreed order was entered for the sale of property located at 1609 N.W. 15th Street, Oklahoma City, Oklahoma.

During the months of March and April, an agreed order was entered for the sale of properties located on 17<sup>th</sup> Street in Oklahoma City, Oklahoma. The Receiver's fee application for December 2014 and January 2015 was granted. The Receiver, Intervenor Wayne Doyle, and Defendant Bricktown Capital filed a Joint Motion for Interpleader requesting that the Court authorize the deposit with the court clerk of the balance of the proceeds from the sale of the Bricktown Hotel (\$187,585.90). The motion was granted. Doyle filed a motion asking for disbursement of the interpled funds plus an additional \$11,733.74 as payment on the secured indebtedness owed him. The Receiver filed a fee application for February 2015. Defendants

filed an objection to this fee application. The Receiver's fee application was granted. The Department and the Receiver filed responses to FCB's application for an order to disburse escrowed fees. Both parties requested the release of the escrowed funds to the Receiver, while preserving the right of FCB to seek reimbursement of attorney fees in the claims process.

During the months of May and June, the Receiver filed a fee application for March 2015 to which Defendants filed an objection. The Court granted the application, as revised. Agreed orders were entered for the sale of the Briargate Plaza Apartments and properties located on Indiana Avenue and Northwest 11<sup>th</sup>, Northwest 17<sup>th</sup> and Northwest 21<sup>st</sup> Streets in Oklahoma City, Oklahoma. An application to intervene and a motion for an order to determine the right to proceeds from the sale of real estate were filed by Peggy Johnston and HPJ Family LP. A hearing is set for August 5<sup>th</sup>. The Department and Receiver filed responses to Doyle's motion asking for disbursement of the interpled funds. Doyle filed a reply to the Department's response. The Receiver filed notice of his *in camera* submission to the Court relating to his objection to Doyle's motion to disburse interpled funds and the Receiver's motion to retain the interpled funds as a receivership asset. Doyle filed a reply to the Receiver's objection and motion. An evidentiary hearing date is set for August 5<sup>th</sup> on Doyle's motion to disburse. The Receiver filed fee applications for April and May 2015.

During the months of July and August, the Receiver filed an amended fee application for April through May 2015; a fee application for June 2015; and an application for distributions on certain claims relating to Oklahoma City properties located at 1405 N.W. 17<sup>th</sup> Street, 1409 N.W. 17<sup>th</sup> Street, 1413 N.W. 17<sup>th</sup> Street, 1419 N.W. 17<sup>th</sup> Street, 1507 N.W. 17<sup>th</sup> Street, 1609 N.W. 15<sup>th</sup> Street, and 425 N.W. 11<sup>th</sup> Street. On August 24, James A. Slayton filed his entry of appearance as counsel for Peggy Johnston; HPJ Family LP; and HPJ Family Trust.

During the months of September and October, Terry D. Kordeliski II filed a motion to withdraw as counsel for Peggy Johnston, HPJ Family Trust, and HPJ Family LP. The Court granted the Receiver's fee application for June 2015. The Receiver filed fee applications for July, August and September. The Court granted the applications. An agreed order was entered for intervention by Peggy Johnston, HPJ Family Trust, and HPJ Family LP. An order was entered on the Receiver's application for distributions on certain claims relating to Oklahoma City properties located at 1419 N.W. 17<sup>th</sup> Street and 1507 N.W. 17<sup>th</sup> Street. Judge Parrish ordered the interpled funds from the sale of the Bricktown Hotel be disbursed by the District Court Clerk to the Receiver. An agreed order was entered for the sale of eight lots in the Ravenswood Manor Addition in Oklahoma City.

During the months of November and December, Mr. Kordeliski's motion to withdraw as counsel for Peggy Johnston, HPJ Family Trust, and HPJ Family LP was granted. The Receiver filed fee applications for October and November. The Court granted the Receiver's fee applications for September and October. Defendants consented to the entries of permanent injunctions and waived any right to appeal the order. Judge Parrish issued orders against Defendants permanently enjoining them from offering and/or selling securities in and/or from Oklahoma. The Receiver filed his report on claims and requested the Court's authority to make

distributions. The judge issued an order requiring notice to claimants of the Receiver's report and their opportunity to respond.

During the months of January and February 2016, entries of appearance were filed by J. Scott Henderson and Kevin Blaney as counsel for a claimant, Advance Restaurant Finance *nka* ARF Financial LLC ("ARF"). Objections and responses to the Receiver's recommendations as to claims were filed by ARF, FNB-Weatherford, and Wayne Doyle. The Department and the Receiver filed their responses to the objections. Wayne Doyle filed a supplement to his objection. The Court granted the Receiver's fee application for November 2015. The Receiver filed a fee application for December 2015 and January 2016. A hearing on the Receiver's recommendations as to the claims filed was held on February 29, 2016; however, the judge did not make a ruling at the conclusion of the hearing.

During the months of March and April, the Receiver filed fee applications for the months of February and March 2016. The Court granted the Receiver's fee applications for December 2015 through February 2016. The Receiver filed a supplement to his report on claims and filed a report regarding the status of funds available for distribution. On April 27, Judge Parrish entered an order approving all recommendations made by the Receiver and the late-filed claim of James Bradley; denying the claims of Doyle, ARF and FNB-Weatherford; and directing the Receiver to make distributions.

During the months of May and June, the Receiver filed fee applications for the months of April and May 2016. On May 25, Wayne Doyle filed a Petition in Error with the Oklahoma Supreme Court and a Designation of Record for Appeal from the District Court. On June 13, the Department filed its Counter-Designation of Record for Appeal from the District Court. On June 14, the Receiver filed his Counter-Designation of Record for Appeal from the District Court. On June 29, Micheal Kirschner filed a motion to withdraw as attorney of record for Defendants.

During the months of September and October 2016, Bank SNB filed an application for an agreed order releasing the Weatherford-Timber Creek Properties from the Receivership Estate. On September 2, Judge Parrish entered the agreed order. On October 18, the Notice of Completion of Record on Appeal from District Court was filed by the Oklahoma County Court Clerk. The notice was filed with the Oklahoma Supreme Court on October 21, 2016.

**Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator v.  
Larry Robert McDaniel  
Civil Case No. CJ-2015-6867**

On December 18, 2015, the Department filed a Petition for Permanent Injunction and Other Equitable Relief ("Petition") in the District Court of Oklahoma County against Larry Robert McDaniel, of Del City, Oklahoma, alleging violations of Sections 1-301 and 1-501 of the Act.

On January 14, 2016, Timothy D. McCoy filed his entry of appearance as counsel for the Defendant. On January 22, the Defendant filed his answer to the Department's petition.

During the months of September and October, the Department received discovery requests from Defendant. Mr. McCoy filed an application to withdraw as the Defendant's attorney. The Department filed a motion to compel Defendant to respond to the Department's discovery request. A hearing on the motion is set for December 2, 2016.

**Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator v. Nick's Oil & Gas Corporation, Semper Fidelis Exploration & Production, LLC, Harbor Resources, LLC, BTJ Consulting, Inc. and Nicholas P. Yukich, III  
Civil Case No. CJ-2016-2884**

On June 8, 2016, the Department filed a Petition for Permanent Injunction and Other Relief ("Petition") in the District Court of Oklahoma County against the above-named Defendants, alleging violations of Sections 1-301, 1-401, 1-402 and 1-501 of the Act. The Department alleged that the Defendants offered and/or sold unregistered securities in the nature of oil and gas working interests; transacted business in this state as unregistered broker-dealers or unregistered agents; and perpetrated a fraud in connection with the offer and sale of the securities.

The Defendants did not file an answer. On July 28, 2016, the Department filed a Motion for Default Judgment. Defendants Nick's Oil & Gas Corporation, Semper Fidelis Exploration & Production LLC and Nicholas P. Yukich III filed a motion for leave to file their answer out of time. The Department filed an objection to the motion.

On August 25, a hearing was held wherein Judge Timmons denied the default judgment motion and granted Defendants Nick's Oil & Gas Corporation, Semper Fidelis Exploration & Production LLC and Nicholas P. Yukich III five days to file their answer. Defendants Nick's Oil & Gas Corporation, Semper Fidelis Exploration & Production LLC and Nicholas P. Yukich III filed their answer to the Petition. Stephen Q. Peters of Tomlins & Peters, PLLC filed his entry of appearance as counsel for Defendants.

During the months of September and October, the Department filed a motion to determine and strike certain of the defenses pled by Defendants. The Defendants filed their response to the motion. An Agreed Order was entered establishing in personam and subject matter jurisdiction and deferring a determination on the sufficiency of all other defenses until a later date. Mr. Peters filed an unopposed motion to withdraw as the attorney for Defendants. Judge Timmons granted the motion.

**Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator v. Andrew Wayne Naugher  
Civil Case No. CJ-2016-5428**

On October 24, 2016, the Department filed a Petition for Permanent Injunction and Other Equitable Relief ("Petition") in the District Court of Oklahoma County against Andrew Wayne Naugher (Naugher), alleging violations of Sections 1-301, 1-402 and 1-501 of the Act. The

Department alleged that the Defendant, a resident of Tulsa, solicited investments in a disaster relief charity event and common stock in a mobile medical testing clinic. The Department alleged violations of Sections 1-301, 1-402 and 1-501 of the Act. Naugher consented to the entry of an order whereby Naugher is permanently enjoined from, directly or indirectly, issuing, offering and/or selling any security, or transacting business as an agent, broker-dealer, investment adviser and/or investment adviser representative, in and/or from Oklahoma.