

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

MAR 31 2016
TIM RHODES
COURT CLERK
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Oklahoma Department of Securities)
ex rel. Irving L. Faught,)
Administrator,)
)
Plaintiff,)
)
v.)
)
Roland L. Cowperthwaite,)
)
Defendant.)

Case No.

CJ - 2016 - 1678

PETITION FOR PERMANENT INJUNCTION AND OTHER RELIEF

Plaintiff, Oklahoma Department of Securities ex rel. Irving L. Faught, Administrator, ("**Department**"), for its claims against the above-named Defendant, alleges and states as follows:

OVERVIEW

1. This case involves violations of the Oklahoma Uniform Securities Act of 2004 ("**Act**"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011), by Roland L. Cowperthwaite ("**Defendant**"). Specifically, the Department alleges that Defendant transacted business in this state as an unregistered investment adviser in violation of Section 1-403 of the Act, and omitted to state material facts in violation of Section 1-502 of the Act.

JURISDICTION

2. The Administrator of the Department brings this action pursuant to Section 1-603 of the Act and is the proper party to bring this action against Defendant.

3. Pursuant to Sections 1-102 and 1-610 of the Act, Defendant is subject to the provisions of the Act.

4. By virtue of his residence and activities in this state, Defendant is subject to the jurisdiction of the Court and to service of summons within or outside of this state.

5. Venue is proper in this county.

DEFENDANT

6. Defendant is an individual who has resided in Edmond, Oklahoma, at all times material hereto.

7. Defendant has not been registered under the Act in any capacity at any time material hereto.

8. In 1984, Defendant was barred by the U.S. securities industry's self-regulatory organization, now known as "FINRA," from association with any member of the organization.

9. In 1989, Defendant pled guilty to two felony counts of Obtaining Money by False Pretenses in the District Court in and for Oklahoma County, Oklahoma, and was sentenced to seven years in prison for each count.

INVESTMENT ADVICE

10. While unregistered under the Act, Defendant has provided investment advice in Oklahoma to other persons for compensation.

11. In 2013, Defendant began providing investment advice to two individuals ("**Investors**"). The Investors have resided in Oklahoma City, Oklahoma, at all times material hereto.

12. Before he began providing investment advice to the Investors, Defendant saw, and visited with, the Investors multiple times a week.

13. During these visits, Defendant talked extensively about having worked for a brokerage firm. Defendant claimed to have many years of experience as a stock broker and indicated he was very successful at trading securities.

14. In approximately September 2013, Defendant helped each of the Investors open a securities account at a broker-dealer and agreed to manage these accounts for compensation based on an agreed upon percentage of the profits in the accounts.

15. After the accounts were opened and funded, Defendant used each of the Investors' login information to manage the accounts online.

16. Using his discretion, Defendant traded stocks and options in the Investors' accounts.

17. For his investment advisory services, Defendant received compensation totaling \$3,167 from one of the Investors and \$1,425 from the other investor.

18. The Investors' accounts suffered significant trading losses.

MATERIAL OMISSIONS

19. Defendant did not tell the Investors that he was barred from association with a member of the U.S. securities industry's self-regulatory organization or that he pled guilty to two felony counts of obtaining money under false pretenses, before he began managing their accounts.

20. This information would have been important to the Investors in deciding whether to allow Defendant to manage their investments.

21. There is a substantial likelihood that a reasonable investor would have considered this information important.

FIRST CAUSE OF ACTION

(Violation of Section 1-403 of the Act: Transacting Business as an Unregistered Investment Adviser)

22. The Department realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 21 above.

23. Defendant has transacted business in this state as an investment adviser by engaging, for compensation, in the business of directly advising others as to the advisability of investing in, purchasing, or selling securities.

24. Defendant is not registered in any capacity under the Act.

25. By reason of the foregoing, Defendant has violated, and unless enjoined may continue to violate, Section 1-403 of the Act.

SECOND CAUSE OF ACTION

(Violation of Section 1-502 of the Act: Omissions of Material Fact)

26. The Department realleges and incorporates by reference each and every allegation contained in the preceding cause of action.

27. Defendant omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

28. By reason of the foregoing, Defendant has violated, and unless enjoined may continue to violate, Section 1-502 of the Act.

PRAYER FOR RELIEF

Defendant has engaged in acts and practices in violation of the Act. Unless enjoined, Defendant may continue to engage in the acts and practices set forth herein and acts and practices of similar purport and object.

WHEREFORE, based upon the foregoing, and pursuant to the authority specifically granted by Section 1-603 of the Act, the Department prays for the Court to grant the following relief:

1. Temporary and permanent injunctions enjoining Defendant from transacting business in this state as an investment adviser;
2. An order requiring Defendant to make restitution to the Investors, and all other persons for whom Defendant has transacted business in this state as an unregistered investment adviser;
3. A civil penalty in the amount of \$20,000 against Defendant; and
4. Such other equitable relief as the Court may deem necessary, just and proper in connection with the enforcement of the Act.

Respectfully,

OKLAHOMA DEPARTMENT OF SECURITIES
Irving L. Faught, Administrator

By: 
Terra Shamas Bonnell (OBA# 20838)
Oklahoma Department of Securities
204 North Robinson Avenue, Suite 400
Oklahoma City, OK 73102-7001
(405) 280-7715; (405) 280-7742 (fax)
tbonnell@securities.ok.gov
Attorney for Plaintiff

Defendant:

Roland L. Cowperthwaite
3713 Coachlight Drive
Edmond, OK 73013
(405) 341-5547