

FILED IN DISTRICT COURT
OKLAHOMA COUNTY

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

JUN - 8 2016

RICK WARREN
COURT CLERK

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Oklahoma Department of Securities)
ex rel. Irving L. Faught,)
Administrator,)

Plaintiff,)

v.)

Nick's Oil & Gas Corporation, an)
unincorporated association;)
Semper Fidelis Exploration & Production,)
LLC, a Texas limited liability company;)
Harbor Resources, LLC, a)
dissolved Texas limited liability company;)
BTJ Consulting, Inc., a Texas corporation;)
and Nicholas P. Yukich, III, an individual,)

Defendants.)

CJ 2016 - 2884

Case No.

**PETITION FOR PERMANENT INJUNCTION
AND OTHER RELIEF**

COMES NOW the Plaintiff, Oklahoma Department of Securities ("Department"),
ex rel. Irving L. Faught, Administrator, and for its claims against the above-named
Defendants, 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 Defendants.
Specifically, the Department alleges that Defendants: offered and sold unregistered
securities in violation of Section 1-301 of the Act; transacted business as an
unregistered broker-dealer in violation of Section 1-401 of the Act; transacted business
as, or employed, unregistered agents in violation of Section 1-402 of the Act; and

perpetrated a fraud in connection with the offer and sale of securities in violation of Section 1-501 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 the Defendants.

3. Pursuant to Sections 1-102 and 1-610 of the Act, Defendants, in connection with their activities in the offer and/or sale of securities in and/or from this state, are subject to the provisions of the Act. By virtue of their activities in this state, as described herein, Defendants are subject to the jurisdiction of this Court and to service of summons within and outside of this state.

4. Venue is proper in this county.

DEFENDANTS

5. Defendant Nick's Oil & Gas Corporation ("NOG") is an unincorporated association with its principal place of business in Beggs, Oklahoma. As early as 2013, NOG issued, offered and/or sold securities in and/or from Oklahoma as described herein.

6. Defendant Semper Fidelis Exploration & Production, LLC ("SFEP"), as of February 2015, is a forfeited Texas limited liability company with its principal place of business in Bristow, Oklahoma. As early as 2013, SFEP issued, offered and/or sold securities in and/or from Oklahoma as described herein.

7. Defendant Harbor Resources, LLC ("Harbor"), as of December 2015, is a dissolved Texas limited liability company that maintained its principal place of business

in Dallas, Texas. As early as 2014, Harbor effectuated the offer and sale of securities in and/or from Oklahoma as described herein.

8. Defendant BTJ Consulting, Inc. (“BTJ”) is a Delaware corporation having its principal place of business in Dallas, Texas. As early as 2014, BTJ effectuated the offer and sale of securities in and/or from Oklahoma as described herein.

9. Defendant Nicholas P. Yukich, III (“Yukich”), an Oklahoma resident, has been the President, sole owner and control person of NOG and SFEP at all times material hereto.

NATURE OF THE CASE

10. Defendants NOG, SFEP and Yukich offered and sold approximately \$3,500,000 in unregistered securities via unregistered broker-dealers and agents; investors were enticed to invest by untrue statements and omissions of material fact.

I. Okmulgee Interests

11. As early as June 2013, NOG and SFEP began offering and selling undivided fractional working interests in the same two oil and gas wells—referred to as the “Aidyn A#1” and “Aidyn A#2” or the “NUCO A#1” and “NUCO A#2” wells, respectively—located in Okmulgee County, Oklahoma (the “Okmulgee Interests”). The Okmulgee Interests were offered and/or sold on NOG’s behalf, in part, by two individuals (the “NOG Agents”). Yukich offered and sold the Okmulgee Interests directly to investors—including an investor in Tulsa, Oklahoma—on behalf of SFEP. Offering documents directed the investor funds to be sent to an address in Beggs, Oklahoma.

12. According to offering documents, investor funds were to be used to drill wells on a “[t]urnkey price to the tanks” through payment of coordination and site

preparation, drilling, testing, completion and equipment expenses; however, investor funds were used for Yukich's personal expenses prior to the turnkey contract's completion. In addition, at least one of the NOG Agents received commissions on the offer and sale of the Okmulgee Interests—commissions not disclosed to investors.

13. Beginning in approximately March 2014, the Okmulgee Interests were offered and sold by Harbor (the "Harbor Offering"). The Harbor Offering documents directed that investor funds be sent to SFEP's address in Bristow, Oklahoma. The Harbor Offering documents stated that the Okmulgee Interests would be sold to the Investors on a turnkey basis "through initial completion and attempt[ed] production" and include an Authorization for Expenditure ("AFE"). The AFE contains only drilling, completion and equipment costs.

14. In mid-to-late 2014, Harbor forwarded over \$500,000 in investor funds to NOG and SFEP. Despite the restrictions in the AFE, investor funds were used by Yukich for his personal expenses prior to the turnkey contract's completion.

15. The offering of the Okmulgee Interests and subsequent operations were under the direct management and control of Yukich; investors had no management authority, or control, in any regard.

16. The NOG Agents, Yukich, the Okmulgee Interests and Harbor are not registered under the Act.

II. Muskogee Interests

17. As early as June 2014, SFEP began offering and selling undivided fractional working interests in the "Hoover" wells—numbered 1, 2, 3, 4, 5C and 5R—

located in Muskogee County, Oklahoma (the "Muskogee Interests"). The Muskogee Interests were offered and sold by Yukich or by BTJ on SFEP's behalf.

18. The Muskogee Interests were offered on a turnkey basis to completion, the offering and subsequent operations were under the direct management and control of Yukich and SFEP, and investors had no management authority or control. Despite representations made to investors, Yukich used investor funds for his personal expenses prior to the turnkey contract's completion.

19. Neither the Muskogee Interests nor BTJ are registered under the Act.

FIRST CAUSE OF ACTION

(Violation of Section 1-301 of the Act: Offer and Sale of Unregistered Securities)

20. Plaintiff realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 19 above.

21. The Okmulgee and Muskogee Interests are "securities" as defined by Section 1-102 of the Act.

22. Defendants NOG, SFEP and Yukich offered and sold the securities in and/or from Oklahoma.

23. The securities offered and sold by Defendants NOG, SFEP and Yukich have not been registered under the Act.

24. By reason of the foregoing, Defendants NOG, SFEP and Yukich have violated or materially aided a violation of, and unless enjoined may continue to violate or materially aid a violation of, Section 1-301 of the Act.

SECOND CAUSE OF ACTION

(Violation of Section 1-401 of the Act: Transaction of Business as Unregistered Broker-Dealer)

25. Plaintiff realleges and incorporates by reference each and every allegation contained in the preceding cause of action.

26. Defendants Harbor and BTJ, by engaging in the business of effecting transactions in securities for the account of others, are broker-dealers as defined in Section 1-102 of the Act.

27. Defendants Harbor and BTJ, at all times material hereto, have not been registered under the Act.

28. Defendants Harbor and BTJ transacted business in this state as unregistered broker-dealers.

29. By reason of the foregoing, Defendants Harbor and BTJ have violated, and unless enjoined may continue to violate, Section 1-401 of the Act.

THIRD CAUSE OF ACTION

(Violation of Section 1-402 of the Act: Transaction of Business as Unregistered Agents and Employment of Unregistered Agents)

30. Plaintiff realleges and incorporates by reference each and every allegation contained in the preceding causes of action.

31. Defendants NOG and SFEP are issuers as defined in Section 1-102 of the Act.

32. Defendant Yukich and the NOG Agents, by effecting or attempting to effect purchases or sales of one or more of such issuers' securities, are agents as defined in Section 1-102 of the Act.

33. Defendant Yukich and the NOG Agents, at all times material hereto, were not registered in any capacity under the Act.

34. Defendant Yukich and the NOG Agents transacted business in this state as unregistered agents.

35. Defendants NOG, SFEP and Yukich employed unregistered agents who transacted business in this state.

36. By reason of the foregoing, Defendants NOG, SFEP and Yukich have violated, and unless enjoined may continue to violate, Section 1-402 of the Act.

FOURTH CAUSE OF ACTION

(Violation of Section 1-501 of the Act: Untrue Statements and Omissions of Material Facts in Connection With the Offer and Sale of Securities)

37. Plaintiff realleges and incorporates by reference each and every allegation contained in the preceding causes of action.

38. Defendants Yukich, NOG and SFEP, in connection with the offer and sale of securities, have made untrue statements of material fact including, but not limited to, misstatements that investor funds would be used to drill, test, and/or complete wells on a turnkey basis. Investor funds were in fact used by Yukich—prior to the turnkey contract's completion—for his personal expenses.

39. Defendants Yukich, NOG and SFEP, in connection with the offer and sale of securities, have omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:

- (a) offering proceeds would be used for the payment of sales commissions;
- (b) investor funds would be used by Yukich for his personal expenses prior to the turnkey contract completion; and
- (c) investors' exposure to risk would be increased due to Yukich's use of investor funds for his personal expenses prior to the turnkey contract's completion.

40. By reason of the foregoing, Defendants NOG, SFEP and Yukich have violated or materially aided a violation of, and unless enjoined may continue to violate or materially aid a violation of, Section 1-501 of the Act.

FIFTH CAUSE OF ACTION

(Violation of Section 1-501 of the Act: Act, Practice, or Course of Business Which Operates as a Fraud or Deceit Upon Any Person)

41. Plaintiff realleges and incorporates by reference each and every allegation contained in the preceding causes of action.

42. Defendants NOG, SFEP and Yukich, in connection with the offer and sale of securities, and through the use of the untrue statements and omissions of material fact described in paragraphs 38 and 39 above, have engaged in an act, practice, or course of business that has operated as a fraud or deceit upon other persons.

43. By reason of the foregoing, Defendants NOG, SFEP and Yukich have violated or materially aided a violation of, and unless enjoined may continue to violate or materially aid a violation of, Section 1-501 of the Act.

PRAYER FOR RELIEF

Defendants have engaged in acts and practices in violation of the Act and, as a result of these activities, have received a substantial amount of money from investors.

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:

I.

A permanent injunction, restraining and enjoining Defendants—and any entity the Defendants own and/or control—from transacting business in or from Oklahoma as an issuer, issuer agent, broker-dealer, or broker-dealer agent or otherwise offering or selling securities in or from Oklahoma;

II.

An order requiring Defendants NOG, SFEP and Yukich to make restitution to any and all investors who purchased securities from Defendants;

III.

An order requiring Defendants NOG, SFEP and Yukich to disgorge any and all ill-gotten gains;

IV.

An order imposing a civil penalty against Defendants NOG, SFEP and Yukich, jointly and severally, in the amount of \$250,000.00; and

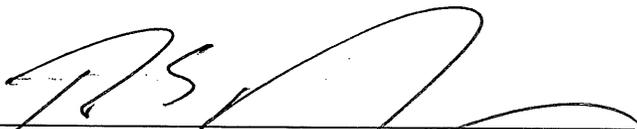
V.

Such other relief as the Court considers appropriate.

Respectfully submitted,

OKLAHOMA DEPARTMENT OF SECURITIES
Irving L. Faught, Administrator

By:



Robert Fagnant, OBA #30548

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