

IN THE DISTRICT COURT OF POTTAWATOMIE COUNTY
STATE OF OKLAHOMA

FILED
IN DISTRICT COURT

JAN 14 2004

POTTAWATOMIE COUNTY, OK.
CECIL DUNLAP, COURT CLERK

BY _____ DEPUTY

OKLAHOMA DEPARTMENT OF)
SECURITIES *ex rel.* IRVING L.)
FAUGHT, Administrator,)
)
Plaintiff,)

v.)

Case No. C-03-1239

)
THE HICKMAN AGENCY, INC., an)
Oklahoma corporation; MERL WILLIAM)
HICKMAN, SR., an individual; SARAH)
L. HICKMAN, an individual; and MERL)
WILLIAM HICKMAN, JR., an individual,)
)
Defendants.)

REPORT OF RECEIVER, STEPHEN J. MORIARTY FOR
FOR THE PERIOD DECEMBER 17, 2003 –DECEMBER 31, 2003

Comes now Stephen J. Moriarty (“Receiver”), the Court appointed receiver for The Hickman Agency, Inc. (“Agency”), and Merl William Hickman, Sr., Merl William Hickman, Jr., and Sarah L. Hickman (collectively referred to as “Hickman”), and for his Report for the period December 17, 2003-December 31, 2003 states as follows:

1. On December 17, 2003, this Court entered its order appointing the Receiver; the appointment continued pursuant to the Temporary Injunction entered herein on December 22, 2003 (collectively referred to as the “Order”). Pursuant to the Order, the Receiver was given “immediate and exclusive custody, control and possession of all assets ... of Defendants, of whatever kind and description, and wherever situated.” Further, Receiver was given the authority “to take the necessary steps to protect the interests of Investors, including the liquidation or sale assets of Defendants...”

2. Receiver has commenced a review of the financial records of The Hickman Agency, Inc.. This review will likely continue for several months. Unfortunately, there were no computer records for the investor accounts; in fact, it does not appear that any accounting software was in use on any of the computers at The Hickman Agency, Inc.. All investor records were maintained manually and account activity was maintained in a hand written ledger contained in each investor's file. Based upon the review of records of The Hickman Agency, Inc. to date, it appears that there were approximately 160 individual investors and approximately 230 investor accounts. It appears that between \$12,000,000.00 and \$13,000,000.00 was placed by investors with The Hickman Agency, Inc..

3. Pursuant to the Order, all balances of known bank accounts of Defendants were transferred to Receiver. On December 23, 2003, the following balances were transferred to Receiver:

<u>BANK</u>	<u>ACCOUNT HOLDER</u>	<u>BALANCE</u>
Arvest	Merl W. Hickman, Jr.	\$1,647.71
Arvest	Hickman Insurance Agency	\$597,882.28
	<u>TOTAL</u>	<u>\$599,529.99</u>

Receiver has established the following accounts at First National Bank and Trust Co. of Shawnee:

<u>TYPE</u>	<u>ACCOUNT NUMBER</u>	<u>INITIAL DEPOSIT</u>
Operating	1026151	\$50,000.00
CD-30 day	102428	\$200,000.00
CD-6 months	102429	\$349,369.99
2-Safe Deposit Boxes		\$160.00 (cost)
	<u>TOTAL</u>	<u>\$599,529.99</u>

During the period December 17, 2003-December 31, 2003, the following activity took place with regard to the operating account:

<u>DATE</u>	<u>TYPE OF ACTIVITY</u>	<u>AMOUNT</u>	<u>BALANCE</u>
12/23/03	Deposit	\$50,000.00	\$50,000.00
12/26/03	Purchase checks	-\$49.90	\$49,950.10
12/29/03	Check 9999 to Receiver change locks, etc	-\$77.66	\$49,872.44
12/29/03	Deposit-Insurance commissions	\$477.05	\$50,319.49

Copies of the December bank statement for the operating account and the CD's are attached hereto.

4. On December 23, 2003, Receiver conducted a video inventory of the residences of Defendants. At that time Receiver took possession of the contents of a safe located in the home of Merl William Hickman, Sr. consisting of over 200 pieces of jewelry. Receiver also took possession of certain jewelry and coins at the residence of Merl William Hickman, Jr.. These items have been placed in two safe deposit boxes at First National Bank and Trust Co. of Shawnee. Based upon the review of the banking records of The Hickman Agency, Inc. to date, it appears that several hundred thousand dollars worth of jewelry was paid for out of The Hickman Agency bank account. Receiver has retained the services of a jewelry professional to inventory and appraise the jewelry. It is anticipated that the process will be completed in January, 2004. As soon as a written inventory and appraisal is completed it will be submitted to the Court.

5. Receiver has taken possession of several automobiles, R/V's and boats. The vehicles are in storage at Harvey's GM in Shawnee. The boats are padlocked at the Eufaula Cove Marina. While many of these items are titled in the names of Defendants, or in the names of other related parties, based upon a review of the banking records to date, it appears that they were purchased, in part or in full, out of The Hickman Agency bank account. To the extent that a

sale will generate proceeds for the benefit of the investors of The Hickman Agency, Inc. (i.e., projected sales proceeds exceed any loan balance), Receiver believes that a sale should be held as soon as possible. Receiver will seek permission of this Court to conduct a public auction of these items, on reasonable notice. After the auction(s) are held, Receiver will file a written report with the Court and any proceeds of the sale will be placed in a segregated bank account, awaiting further order of this Court.

Submitted this _____ day of January, 2004.



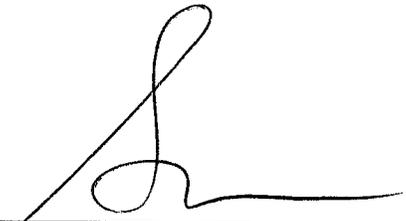
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Court Appointed Receiver for Defendants

CERTIFICATE OF MAILING

This is to certify that on the 14th day of January, 2004, the foregoing was sent by U.S. Mail, first class, postage prepaid to:

Patricia A. Labarthe, Esq.
Oklahoma Department of Securities
First National Center, Suite 860
120 North Robinson
Oklahoma City, OK 73102

Terry West, Esq.
Brad West, Esq.
124 West Highland
Shawnee, OK 74801



Stephen J. Moriarty