

IRVING L. FAUGHT
ADMINISTRATOR



MARY FALLIN
GOVERNOR

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES

MEMORANDUM

To: *Irving L. Faught, Administrator*

From: *Melanie Hall, Deputy Administrator* mh

Date: *November 9, 2015*

Re: **ENFORCEMENT REPORT**

Attached is the report of the enforcement activities of the Department for the months of September and October, 2015.

Attachment

h/home/londonb/EnforcementReports/15_Enf-Reports_Sep-Oct_2015.doc

**OKLAHOMA DEPARTMENT OF SECURITIES
ENFORCEMENT ACTIVITIES
SEPTEMBER AND OCTOBER 2015**

		FY-16		FY-15
		YTD		YTD
I.	Enforcement Files			
	a. Enforcement Files Opened during the reporting period	26		36
	1. Securities Act	24		35
	2. Business Opportunity Sales Act	2		0
	3. Other	0		1
	b. Enforcement Files Closed during the reporting period	12		49
	c. Active Enforcement Files	184		175
II.	Actions Taken during the reporting period			
	a. Administrative Subpoenas	26		0
	1. Securities Act	26		0
	2. Business Opportunity Sales Act	0		0
	b. Orders Initiating Investigation	0		0
	1. Securities Act	0		0
	2. Business Opportunity Sales Act	0		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	3		4
	1. Securities Act-Notices	3		3
	i. Hearing Set	1		1
	ii. Hearings Held	0		0

		FY-16	FY-15
		YTD	YTD
	2. Business Opportunity Sales Act Notices	0	1
	i. Hearing Set	0	0
	ii. Hearings Held	0	0
	e. Other Orders	11	15
	1. Securities Act	11	14
	2. Business Opportunity Sales Act	0	1
	f. Public Undertakings/Agreements	4	2
	1. Securities Act	4	2
	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	5
	1. Securities Act	2	5
	2. Business Opportunity Sales Act	0	0
	i. Appeals from Final Orders	0	1
	1. Securities Act	0	1
	2. Business Opportunity Sales Act	0	0
	j. Civil Penalties - Amounts Collected	\$5,000	\$216,690.11
	1. Securities Act	\$5,000	\$216,690.11
	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

		FY-16	FY-15
		YTD	YTD
	I. Civil Enforcement Activities		
	1. Securities Act		
	i. Subpoenas Issued	0	0
	ii. Civil Petitions Filed	0	2
	iii. Civil Trials Held	0	0
	iv. Criminal Referrals	1	0
	v. Civil Appeals Filed	0	0
	vi. Administrative or other Court Appearances (including pleadings filed)	23	19
	2. Business Opportunity Sales Act		
	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
	m. Miscellaneous Activities		
	1. Public Information/Press Releases (copy attached)	0	0
	2. Trainings/Seminars Attended	7	5
	3. Coordinated Activities	0	0
	III. Inquiries and Complaints		
	a. Inquiries	25	16
	b. Referrals from Other Oklahoma Agencies	2	1
	c. Referrals from Out of State Agencies	2	2

Administrative Actions

SUMMARY

**In the Matter of: Pentecost Capital Management, Inc. and Claude Daniel Pentecost
ODS File No. 15-030**

On June 19, 2015, the Administrator of the Department issued a notice of opportunity for hearing on an Enforcement Division Recommendation (Recommendation) against Pentecost Capital Management, Inc. (PCM) and Claude Daniel Pentecost (Pentecost) (collectively, "Respondents") of Jenks, Oklahoma. The Department alleged that Respondents violated the Oklahoma Uniform Securities Act of 2004 (Act) and the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules) by failing to post to its general ledger at least once a month, prepare trial balances within fifteen business days after the end of each accounting period, prepare financial statements, and keep bills or statements (or copies thereof) relating to their investment advisory business.

On September 10, an agreement was entered into by Respondents and the Administrator in which Respondents consented to the entry of an order whereby PCM's registration under the Act as an investment adviser is conditioned on submission to the Department of the firm's monthly trial balances for a period of two years. Respondents were also ordered to pay a civil penalty in the amount of \$5,000. Such order was issued by the Administrator on September 10, 2015.

**In the Matter of: Wilbanks Securities, Inc., Randall Lee Wilbanks, and
Aaron Bronell Wilbanks
ODS File No. 05-029**

On March 6, 2007, the Administrator issued an order wherein Randy Wilbanks ("Wilbanks") was censured and prohibited from engaging in any activity for any broker-dealer or investment adviser that relates to training and supervision of agents, registered principals and investment adviser representatives or that relates to compliance including, but not limited to, inspections of offices of supervisory jurisdiction, branch offices and non-branch offices. After a period of two years, the agreement provides for the removal of such restrictions from Wilbanks' principal registration if he provides written notice, with supporting documentation, to the Administrator that he has completed the FINRA course entitled "Compliance Essentials" or a comparable course approved by the Administrator; he has retaken and passed the Series 24 examination; and the firm's Independent Compliance Consultant does not disapprove of such restriction being removed. On September 25, 2015, the Administrator issued an order lifting certain of the limitations on the registration of Wilbanks as a principal. Wilbanks will continue to be prohibited from conducting office inspections in and from Oklahoma and from holding the position of Chief Compliance Officer, or any comparable position, for any broker-dealer or investment adviser registered under the Act.

**In the Matter of: Anthony Ray Stacy and PVPE, LLC
 ODS File No. 13-066**

On August 21, 2015, the Administrator issued a notice of opportunity for hearing on an Enforcement Division Recommendation (Recommendation) against Anthony Ray Stacy (Stacy) of Scottsdale, Arizona, and PVPE, LLC (PVPE) of Phoenix, Arizona, (collectively, "Respondents"). The Department alleged that Stacy, formerly registered under the Act as an investment adviser representative, offered and/or sold securities in the nature of limited partnership interests in the Palo Verde Fund, L.P. ("PV Fund") to two Oklahoma residents (Clients), in violation of Sections 1-501 and 1-502 of the Act and 660:11-7-42 of the Rules. In connection with the offer and sale of securities and the provision of investment advice to the Clients, Respondents allegedly made untrue statements of material fact and 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, in violation of the Act. Respondents allegedly engaged in unethical practices in the securities business by (1) transacting business as an investment adviser or investment adviser representative for the Clients without entering into written investment advisory contracts with the Clients; (2) recommending that Clients invest nearly all of their retirement funds and savings in the PV Fund without reasonable grounds to believe that such recommendations were suitable for the Clients on the basis of information furnished by the clients; and (3) breaching their fiduciary duties to the Clients and to the PV Fund. Stacy is also the subject of an order, issued after notice and opportunity for hearing by the securities regulator of the state of Arizona, that permanently revoked his registration as an investment adviser representative under Arizona's securities laws. The Department is seeking an order barring Respondents from registration under the Act and barring Stacy from association with a broker-dealer or investment adviser registered under the Act.

PVPE failed to file an answer to the Recommendation and to request a hearing. On September 25, the Administrator issued an order barring PVPE from registration under the Act. Stacy filed an answer to the Recommendation on September 29, and a request for hearing on October 5. A hearing date is set for February 3, 2016. The Administrator issued a scheduling order on October 30.

**In the Matter of: Kristin L. Dunning
 ODS File No. 15-064**

On August 12, 2015, the Administrator issued an order to cease and desist, and a notice of opportunity for hearing, to Kristin L. Dunning (Dunning) of Newcastle, Oklahoma. Dunning was associated with Edward Jones from April 23, 2001, through August 25, 2005, and April 11, 2007, through March 6, 2015, but had never been registered under the Act or other securities laws. Dunning worked as a non-registered Branch Office Administrator for Edward Jones in offices in and around Oklahoma City. Dunning was terminated from Edward Jones after she admitted to calling third parties and impersonating clients in order to facilitate retirement account rollovers from the third parties to Edward Jones.

Since Dunning failed to request a hearing, the order to cease and desist became final by operation of law. On September 25, the Administrator issued a Final Order against Dunning.

**In the Matter of: Nicholas Mastropiero and E.J. Sterling, LLC
ODS File No. 16-014**

On October 2, 2015, the Administrator issued an order to cease and desist, and a notice of opportunity for hearing, to Nicholas Mastropiero (“Mastropiero”) of Staten Island, New York and E.J. Sterling, LLC (“E.J. Sterling”) of New York, New York (collectively, “Respondents”). Respondents Mastropiero and E.J. Sterling were ordered to cease and desist from transacting business in this state as an unregistered broker-dealer agent and associating with an unregistered agent, respectively, in violation of Section 1-402 of the Act.

**In the Matter of: Onstott & Associates, Inc. and Charles O. Onstott, Jr.
ODS File No. 15-022**

In September 2014, the Department commenced an examination of the records of Onstott & Associates, Inc. (OAI) and Charles O. Onstott, Jr. (Onstott). During the examination, the Department discovered deficiencies in Respondents’ compliance with post-registration reporting and custody requirements imposed by the Act and Rules. On October 20, 2015, Respondents voluntarily entered into an Agreement to resolve the deficiencies relating to custody of client funds or securities. Respondents agreed to provide the Department with written notice, and supporting documentation, that Respondents have terminated their investment advisory relationships with a certain family trust, or that Onstott has resigned as trustee of the trust, or in the alternative, to become compliant with the applicable safekeeping, post-registration reporting and recordkeeping requirements under the Rules. OAI further agreed to pay a civil penalty in the amount of \$2,000 to the Department’s Investor Education Revolving Fund.

Civil Actions

SUMMARY

**Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator v.
2001 Trinity Fund, L.L.C. and Robert Arrowood
Civil Case No. CJ-2012-6164**

On October 10, 2012, the Department filed a Petition for Permanent Injunction and Other Equitable Relief in the District Court of Oklahoma County against 2001 Trinity Fund, L.L.C. (2001 Trinity Fund) and Robert Arrowood (Arrowood) (collectively, the “Defendants”) of Norman, Oklahoma, alleging violations of Sections 1-301, 1-402 and 1-501 of the Oklahoma Uniform Securities Act of 2004 (Act), in connection with the offer and sale of promissory notes to investors. Investor proceeds, totaling over \$450,000, were to be used to buy oil and gas leases for eventual resale. The proceeds were not used as represented. On October 23, L. Win Holbrook, bankruptcy trustee, filed his entry of appearance as counsel for 2001 Trinity Fund and requested an extension of time to file an answer. During November 2012, answers to the Department’s petition were filed by the Defendants.

On June 5, 2013, Arrowood filed a motion for summary judgment. On August 6, Judge Roger Stuart entered orders denying Arrowood’s motion.

On September 10, Arrowood filed a notice to take the deposition of the Administrator. On September 17, the Department filed a motion to quash Arrowood’s deposition notice and to request a protective order. On September 20, Arrowood filed a motion for a protective order. On November 13, Judge Stuart granted the Department’s motion to quash the deposition notice and denied Arrowood’s motion for a protective order.

On December 12, Arrowood filed a second motion for summary judgment thereby renewing his request to dismiss the case against him. On January 3, 2014, the Department filed its response to Arrowood’s renewed motion. On May 30, 2014, a hearing was held on Arrowood’s renewed motion for summary judgment. Judge Stuart denied the motion.

On August 5, Arrowood filed a Third Party Petition in this matter against Irving L. Faught and Shaun M. Mullins, in their individual capacities, alleging defamation, invasion of privacy, and intentional interference with business relations. On August 21, the Department filed a motion to strike the Third Party Petition. On September 8, Arrowood filed a notice to withdraw the Third Party Petition.

On November 19, the Department filed a motion to bifurcate the trial issues and to establish a claims procedure.

During the month of December, Arrowood filed his response in opposition to the Department’s motion to bifurcate the trial issues and to establish a claims procedure. The

Department filed its reply. The Department filed an application to expand the length of its motion for a summary judgment. The application was granted.

On January 5, 2015, Arrowood filed his preliminary list of witnesses and exhibits. On January 7, the Department filed its final list of witnesses and exhibits. On January 16, the Department filed its Motion for Partial Summary Judgment requesting the Court to find that the notes at issue are securities; that the securities were not properly registered under the Act; and that Arrowood offered and sold the securities without benefit of registration under the Act.

On February 10, Arrowood filed a request for an extension of time to respond to the Department's motion. Arrowood's request was granted. On February 23, Arrowood filed his response and an objection to the Department's motion for partial summary judgment.

On May 7, the Department filed its reply to Arrowood's response and objection to the Department's motion for partial summary judgment. On May 15, Judge Stuart granted the Department's motion for partial summary judgment finding the notes at issue to be securities.

On September 10, Judge Stuart denied the Department's motion filed on November 19, 2014. On September 14, Judge Stuart entered a Pretrial Conference Order wherein a trial date is set for April 4, 2016.

**Oklahoma Department of Securities *ex rel.* Irving L. Faight, 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.

**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. 44th 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. 12th 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 Holtlander-Petrone filed an emergency application to intervene and a motion for an emergency order for the disposition of assets relating to Receivership properties on 17th 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 17th 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 11th, Northwest 17th and Northwest 21st 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 5th. 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 5th 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. 17th Street, 1409 N.W. 17th Street, 1413 N.W. 17th Street, 1419 N.W. 17th Street, 1507 N.W. 17th Street, 1609 N.W. 15th Street, and 425 N.W. 11th 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. 17th Street and 1507 N.W. 17th 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.

**Southeast Investments, N.C., Inc. and Frank H. Black v.
The State of Oklahoma *ex rel.* The Oklahoma Securities Commission
Case No. CV-2015-86**

On January 20, 2015, Southeast Investments, N.C., Inc., and Frank H. Black (collectively, "Petitioners" and, individually, "SEI" and Black") petitioned the District Court for review of the Final Order entered by the Oklahoma Securities Commission (the "Commission") on December 22, 2014.

On February 10, the Department filed its response to the petition.

On April 8, the Department filed a Notice of Completion of Record for Appeal from the Commission.

On August 11, Judge Aletia Haynes Timmons entered an order setting the briefing and hearing schedule. On August 17, the Petitioners filed their Opening Brief.

During the months of September and October, the Department filed its response to the Petitioners' Opening Brief. The Petitioners filed their Reply Brief. The Department filed a brief in response. The Petitioners filed a motion for a stay or for the deferral of a ruling by the District Court until the ruling by the Supreme Court. The Department filed its objection to the Petitioners' motion. At a hearing on October 28th, Judge Timmons denied Petitioners' motion. She will issue her ruling on the appeal within thirty (30) days.

**The State of Oklahoma *ex rel.* The Oklahoma Securities Commission v.
Secure Operations Group, LLC and George Conner
Civil Case No. CJ-2015-568**

On March 31, 2015, the Department filed an Application to Enforce Subpoena Compliance in the District Court of Oklahoma County, against Secure Operations Group, LLC (SOG) and George Conner (Conner) (collectively, the "Defendants").

A hearing was held on October 30, 2015, on the Department's application for subpoena enforcement. Judge Thomas E. Prince ordered the Defendants to produce all documents required by the subpoena no later than November 30.