

IN THE DISTRICT COURT OF LOGAN COUNTY,
STATE OF OKLAHOMA

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

Plaintiff,)

vs.)

Case No. CJ-2004-256

MARSHA SCHUBERT, an individual, and d/b/a)
SCHUBERT AND ASSOCIATES, et al.,)

Defendants.)

APPLICATION OF RECEIVER FOR APPROVAL
TO COMPROMISE OR SETTLE CLAIM

COMES NOW the court-appointed Receiver, Douglas L. Jackson, and makes application to the Court for permission and/or approval to compromise or settle his claim against Garrett Schubert in the case styled Oklahoma Department of Securities, et al. v. Robert W. Mathews, et al., District Court of Oklahoma County, Case No. CJ-2005-3796. In support of this application, the Receiver would show the Court as follows:

1. The Receiver filed a motion for summary judgment against Garrett Schubert in the above-referenced District Court of Oklahoma County case seeking judgment in the amount of \$80,701 for funds he received from Marsha Schubert between January 2000 and October 2004. The hearing on the Receiver's motion was scheduled for April 6, 2007.

2. On March 23, 2007, attorney Michael J. Rose faxed a letter to the Receiver on Garrett Schubert's behalf advising that he had been retained to prepare a Chapter 13 bankruptcy case for Mr. Schubert. The letter also indicated that Mr. Schubert wanted Rose to make a settlement offer of \$25,000 to be paid over the course of six years to the Receiver before he filed Mr. Schubert's bankruptcy petition. See 03/23/2007 Letter from Rose to Jackson attached as

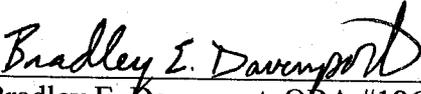
Exhibit A. According to Mr. Rose, this offer is the best Mr. Schubert can do given his other financial obligations.

3. Having deposed Garrett Schubert and reviewed his tax returns, counsel for the Receiver and Oklahoma Department of Securities are of the opinion that the settlement proposal should be accepted with one additional requirement. The Receiver would also require Mr. Schubert to execute a Consent Judgment along with a Payment Agreement for \$25,000, which Mr. Schubert has agreed to do. The Consent Judgment would be held and not filed in the District Court of Oklahoma County case so long as Mr. Schubert does not default on his Payment Agreement. Copies of the proposed Payment Agreement and Consent Judgment are attached hereto respectively as *Exhibits B and C.*

4. While the proposed settlement amount is less than 1/3 of the amount the Receiver and Department have sued Garrett Schubert to recover, the Receiver believes that the above amount is all that he could realistically recover from Mr. Schubert without incurring additional litigation and collection costs and/or without Mr. Schubert immediately filing for bankruptcy.

WHEREFORE, the court-appointed Receiver, Douglas L. Jackson, respectfully requests that this Court approve the proposed compromise and/or settlement of the claim he and the Department have against Garrett Schubert as set forth above, and enter an Order of record in the instant case to that effect.

Respectfully submitted,



Bradley E. Davenport, OBA #18687
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Post Office Box 1549
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(580) 234-0436 phone/(580) 233-1284 fax
Attorneys for Receiver, Douglas L. Jackson



MICHAEL J. ROSE ATTORNEY AT LAW

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March 23, 2007

Doug Jackson
GUNGOLL, JACKSON, COLLINS, BOX AND DEVOLL, PC
POB 1589
Enid, OK 73702

VIA FACSIMILE 580 / 233-1284

RE: Okla. Dept. of Securities and Doug Jackson vs Garrett Schubert
Case No. CJ-2005-3796

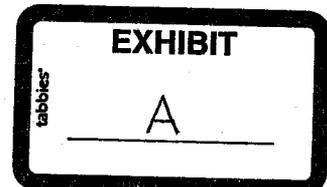
Dear Mr. Jackson:

I represent Garrett Schubert and have prepared to file a Chapter 13 bankruptcy case for him. Prior to filing the case, Mr. Schubert wanted me to make a settlement offer on the alleged debt in the case you are handling against him. In order to pay your client(s) some money and to avoid filing for bankruptcy relief, Mr. Schubert is willing to pay the sum of \$25,000 over a six-year repayment period. This is the best Mr. Schubert can do given his other financial obligations.

We need to file Mr. Schubert's Chapter 13 case no later than Friday, so I will need to know if you or your client(s) are willing to accept this settlement in lieu of his bankruptcy filing no later than Thursday. I appreciate your assistance and look forward to hearing from you.

Sincerely,

Mike Rose



PAYMENT AGREEMENT

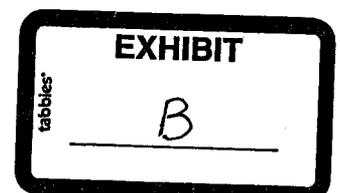
This Payment Agreement is made at Enid, Oklahoma on the ___ day of April, 2007, by and between Garrett Schubert, an individual, Douglas L. Jackson, Receiver for the benefit of claimants and creditors of Marsha Schubert and Schubert and Associates ("Receiver"), and the Oklahoma Department of Securities ("Department").

The undersigned, Garrett Schubert, promises to pay to the order of "Douglas L. Jackson, Schubert Receiver," whose office address is 323 West Broadway, P.O. Box 1549, Enid, OK 73702 the principal sum of Twenty-Five Thousand (\$25,000.00). This Payment Agreement is made for a term of six (6) years with zero percent (0%) interest. The first monthly payment of \$347.22 is due on or before April 20, 2007, and the remaining monthly payments of \$347.22 will be due on or before the 20th day of each month thereafter with the last monthly payment due on or before April 20, 2013.

Garrett Schubert shall have the right at any time to prepay the entire outstanding amount of this Payment Agreement. He shall also have the right to make a partial prepayment of this Payment Agreement at any time.

Garrett Schubert will be in default if:

- (i) He does not make any payment within 10 days of the due date;
- (ii) He shall be unable to pay his debts as they mature or shall make an assignment for the benefit of any of his creditors;
- (iii) A proceeding in bankruptcy or for reorganization of Garrett Schubert or the readjustment of his respective debts under the Bankruptcy Act, as amended, or any part thereof, or under any other laws, whether state or federal, for the relief of debtors now or hereafter existing, shall be commenced by Garrett Schubert or shall be commenced against Garrett Schubert and shall not be discharged within 90 days of its commencement;
- (iv) A receiver or trustee shall be appointed for Garrett Schubert or for any substantial part of his assets, and such receiver or trustee shall not be discharged within 90 days of his appointment, or such proceeding shall not be discharged within 90 days of its commencement;
- (v) A judgment creditor of Garrett Schubert shall obtain possession of any of his assets by any means, including, without limitation, levy, restraint, or replevin;
or
- (vi) He dies.



Upon the occurrence of an event of default specified in the foregoing subparagraphs of this Payment Agreement, at the option of the Receiver and/or Department, immediately and without notice, **the Agreed Journal Entry of Judgment and Order of Disgorgement executed by Garrett Schubert contemporaneously with this Payment Agreement will be filed of record with the Court Clerk for the District Court of Oklahoma County**, and the obligation of Garrett Schubert hereunder shall immediately become due and payable in full without further action of any kind.

The Receiver and Department agree that no further action will be taken against or required of Garrett Schubert in the District Court of Oklahoma County, case number CJ-2005-3796, as long as Mr. Schubert complies with and fulfills all terms of this Agreement in a timely manner. Furthermore, the Receiver and Department agree that the Agreed Journal Entry of Judgment and Order of Disgorgement executed by Garrett Schubert contemporaneously with this Payment Agreement will not be filed or entered of record with the Court Clerk for the District Court of Oklahoma County, as long as Mr. Schubert complies with and fulfills all terms of this Agreement in a timely manner. **TIME IS OF THE ESSENCE FOR PURPOSES OF THIS PAYMENT AGREEMENT.**

Garrett Schubert, the Receiver, and the Department expressly agree that venue and jurisdiction for any lawsuit or legal action arising out of or relating to this Payment Agreement will be proper in the District Court of Garfield County, State of Oklahoma.

Garrett Schubert further promises to pay all costs and expenses, including reasonable attorney fees, which may be incurred by the Receiver and/or Department in collecting any sums due under this Payment Agreement or in bringing any action to foreclose the lien, if any, securing this Payment Agreement or in protecting or sustaining any lien, security agreement or Escrow Agreement.

Failure by the Receiver and/or Department to insist upon performance in accordance with the terms of this Payment Agreement or the lien, if any, securing this Payment Agreement shall not be deemed a waiver of any other obligation under this Payment Agreement or the lien securing this Payment Agreement.

Any notice to Garrett Schubert provided for in this Payment Agreement shall be given by mailing such notice by certified mail addressed to Garrett Schubert at the address stated below, or to such other address as Garrett Schubert may designate by notice to the Receiver and Department. Any notice to the Receiver shall be given by mailing such notice by certified mail, return receipt requested, to the Receiver at the address stated above in this Payment Agreement, or at such other address as may have been designated by notice to Garrett Schubert. Any notice to the Department shall be given by mailing such notice by certified mail addressed to the Oklahoma Department of Securities at the address stated below, or to such other address as the Department may designate by notice to Garrett Schubert.

This Payment Agreement is to be governed by and construed in accordance with the laws of Oklahoma for all purposes.

Executed on the date first written above.

Garrett Schubert

Douglas L. Jackson, Receiver

1112 Emma Lane
Stillwater, OK 74074
Pro Se Defendant

P.O. Box 1549
Enid, OK 73703

Oklahoma Department of Securities

By:

Melanie Hall, Deputy Administrator/Attorney
Amanda Cornmesser, Attorney
Gerri Stuckey, Attorney
120 N. Robinson, Suite 860
Oklahoma City, Oklahoma 73102

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

OKLAHOMA DEPARTMENT OF SECURITIES)
ex rel. IRVING L. FAUGHT, Administrator, et al.,)

Plaintiffs,)

v.)

Case No. CJ-2005-3796

ROBERT W. MATHEWS, et al.,)

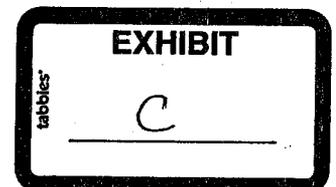
Defendants.)

AGREED JOURNAL ENTRY OF JUDGMENT AND ORDER OF
DISGORGEMENT RELATIVE TO DEFENDANT GARRETT SCHUBERT

On this ____ day of _____, 20__, this agreed order between the parties came before the undersigned Judge of the District Court in and for Oklahoma County, State of Oklahoma, for consideration. The Court, finding that it has jurisdiction over the parties and the subject matter of this action, finds the Defendant Garrett Schubert, after having the opportunity to consult legal counsel, consents to the entry of judgment against him in favor of the Plaintiffs in the amount of Twenty-Five Thousand Dollars (\$25,000.00).

The Court, having reviewed the evidence presented, and being fully advised in the premises, finds that the allegations in Plaintiffs' Petition as to Defendant Garrett Schubert are admitted as set forth therein, and that a basis for the requested equitable relief has been established by Plaintiffs.

IT IS THEREFORE ORDERED, ADJUDGED and DECREED that judgment is **granted** in favor of Plaintiffs and against Defendant Garrett Schubert in the amount of \$25,000.00, with post-judgment interest accruing thereon at the statutory rate from the date this judgment and order of disgorgement is entered until paid in full, plus the amount of \$75.00 as costs of the action.



IT IS FURTHER ORDERED that Defendant Garrett Schubert disgorge the judgment amount specified above to the Plaintiff/Receiver, Douglas L. Jackson, P.O. Box 1549, Enid, OK 73702-1549.

Dated this ____ day of _____, 20__.

Judge of the District Court

APPROVED AS TO FORM:

Garrett Schubert, Defendant

Michael J. Rose
First Perimeter Center
4200 Perimeter Center Drive, Suite 245
Oklahoma City, OK 73112
(405) 605-3757 telephone
(405) 605-3758 facsimile
Attorney for Defendant, Garrett Schubert

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Attorneys for Plaintiff, Okla. Dept. of Securities

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