

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
 STATE OF OKLAHOMA

FILED IN THE DISTRICT COURT
 OKLAHOMA COUNTY, OKLA.

APR 23 2007

PATRICIA PRESLEY, COURT CLERK
 By ~~Deputy~~

Oklahoma Department of Securities)
ex rel Irving L. Faught, Administrator,)
)
 Plaintiff,)
)
 v.)
)
 Clyde Edward Elkins, et al.,)
)
 Defendants,)
)
 v.)
)
 Big Boys Investments, L.L.C.)
)
 Relief Defendant.)

Case No. CJ-2007-2415

ANSWER

Defendants Clyde Edward Elkins, Obert O. Heilaman, Elkins & Associates, Inc., American Asset Management Co., and Big Boys Investment, L.L.C., hereby submit their Answer to the Petition for Permanent Injunction and Equitable Relief filed in the above captioned action.

Admissions and Denials

Defendants submit the following admissions and denials to the enumerated paragraphs of the Petition

1. Paragraph 1 states a legal conclusion to which no response is required.
2. Paragraph 2 states a legal conclusion to which no response is required.
3. Paragraph 3 states a legal conclusion to which no response is required.
4. There is no challenge to the exercise of personal jurisdiction over the defendants with respect to the claims asserted by the plaintiff.

5. Defendants do object to the venue selected by plaintiff.
6. Denied.
7. It is admitted that defendant Elkins is a resident of Oklahoma. The other allegations of paragraph 7 are denied.
8. It is admitted that defendant Heilaman is a resident of Oklahoma. The other allegations of paragraph 7 are denied.
9. It is admitted that defendant Elkins & Associates, Inc. is an Oklahoma corporation owned and operated by defendant Elkins with its principal place of business in Oklahoma City, Oklahoma.
10. It is admitted that defendant American Asset Management Co. is an Oklahoma corporation owned and operated by defendant Heilaman with its principal place of business in Oklahoma City, Oklahoma.
11. Admitted.
12. Admitted.
13. It is admitted that Elkins understands and believes that many of his clients have confidence in the services he provides, the defendants are without sufficient information to admit or deny the balance of the allegations of paragraph 13, therefore same are denied.
14. Admitted, however the petition in Case No CJ-2004-6295 speaks for itself as to the specific allegations against defendant Elkins.
15. Admitted.
16. Admitted.

17. Admitted.

18. Admitted.

19. Denied.

20. Denied; provided however, it is admitted that the offices of defendants

Elkins and Heilaman were both located in the same building.

21. Paragraph 21 provides a generally accurate summary of the descriptions in the EMS sales literature. In May 2004, the claims were sold for \$15,000 per acre, however, at a later date the price increased to \$30,000 per acre.

22. Admitted in part and denied in part. Defendants deny that the sales literature represented that the value of the claims would increase; in fact, the literature notes the risk that the value might decline. The literature does note the economic and geographical growth in the Las Vegas area and states that the company's believes that holders of mineral claims are typically compensated when federal lands are sold for private development.

23. It is admitted that the claims purchased from EMS were derived from an area designated by the company, however, the company agreed to exchange the claim for one in a different area at the request of the purchaser.

24. It is admitted that a purchaser of a mineral claim was extended the right to enter into a right of first refusal contract with Natural Minerals Processing Company which provided for a monthly payment to the claimholder during the term of the contract. Defendants deny the balance of the allegations and characterizations in paragraph 24.

25. It is denied that the sales literature made any representations about the “successfulness” of the business experience of the primary EMS officers. It is admitted that the sales literature did not disclose any history of bankruptcy or securities law violations by Roy Higgs. These defendants are without knowledge of the accuracy of the plaintiff’s allegations concerning Mr. Higgs’ background, and cannot or admit or deny these allegations.

26. Admitted.

27. See reponses above.

28. Denied.

29. It is admitted that the mineral interests were not registered as securities and it is denied that such interests would not qualify for an available exemption from registration.

30. Denied.

31. See responses above.

32. Denied.

33. It is admitted that the right of first refusal contracts were not registered as securities and it is denied that such contracts would not qualify for an available exemption from registration.

34. Denied.

35. See responses above.

36. Denied.

37. It is admitted that Elkins & Associates and AAMC have never been registered as broker-dealers under the Act or predecessor act.

38. Denied.

39. See responses above.

40. Denied.

41. Admitted.

42. Denied.

43. See responses above.

44. Denied.

45. Denied.

46. Admitted.

47. Denied.

48. See responses above.

49. Denied.

50. Denied.

51. Denied.

52. See responses above.

53. Admitted.

54. Denied.

Affirmative Defenses

Defendants assert the following affirmative defenses.

1. Plaintiff fails to state a claim upon which relief can be granted.

2. The claims asserted by plaintiff are barred by the applicable statute of limitations.

3. The defendants did not know and, in the exercise of reasonable care, could not have known of any untruth or omission allegedly made in connection with the mineral interests or right of first refusal contracts.

Dated: April 23, 2007



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Attorneys for defendants

CERTIFICATE OF SERVICE

I hereby certify that on this 23 day of April, 2007, a true and correct copy of the above and foregoing Answer was served by United States Mail, postage prepaid, to the following:

Shawn Mullins, Esq.
Patricia A. Labarthe, Esq.
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Attorneys for plaintiff



Kirk D. Fredrickson