

**IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA**

Oklahoma Department of Securities)
ex rel. Irving L. Faught,)
Administrator,)
)
Plaintiff,)
)
v.)
)
Edward Alan Haines,)
)
Defendant,)
)
v.)
)
Sharon Kay Haines,)
)
Relief Defendant.)

CJ-2010-8906
Case No.

**FILED IN THE DISTRICT COURT
OKLAHOMA COUNTY, OKLA.**

OCT 29 2010

PATRICIA PRESLEY, COURT CLERK
by _____
DEPUTY

**PETITION FOR PERMANENT INJUNCTION AND
OTHER EQUITABLE RELIEF**

COMES NOW the Plaintiff, Oklahoma Department of Securities, *ex rel.* Irving L. Faught ("Department"), and for its claims against the above-named Defendant and Relief Defendant, 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 (Supp. 2009), by Edward Allan Haines ("Defendant"). Specially, Defendant has offered and sold unregistered securities in violation of Section 1-301 of the Act and perpetrated fraud in connection with the offer, sale or purchase 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 Defendant and Relief Defendant.

3. Pursuant to Sections 1-102 and 1-610 of the Act, Defendant, in connection with his activities in the offer, sale, and/or purchase of securities, is subject to the provisions of the Act. By virtue of their transaction of business by contract and otherwise and commission of other acts in this state, Defendant and Relief Defendant are subject to the jurisdiction of this Court and to service of summons within or outside of this state.

4. Defendant engaged in acts and practices in violation of the Act. Unless enjoined, he will continue to engage in the acts and practices set forth herein and acts and practices of similar purport and object.

DEFENDANT

5. Edward Allan Haines, an Oklahoma resident, offered and/or sold securities in and/or from Oklahoma as described herein.

RELIEF DEFENDANT

6. Sharon Kay Haines, an Oklahoma resident, is the wife of Defendant Edward Allan Haines. In the manner described below, Relief Defendant Sharon Haines received ill-gotten gains from the offer and/or sale of securities by Defendant for which she gave no consideration and to which she has no claim.

NATURE OF THE CASE

7. Beginning in approximately 2008, Defendant solicited investors to participate in the purchase and resale of oil and gas industry related materials and supplies (the "Business Opportunities"). Defendant represented to potential investors that his prior oil and gas industry experience provided an opportunity to purchase pipe and chemicals from his contacts and to resell the goods to oil and gas companies for a profit. Defendant stated to investors that he had a contact with a large pipe supplier based in Houston, Texas. Defendant represented to investors that this contact would allow him to purchase pipe at prices that would enable the pipe to be resold at a profit. Defendant represented to at least two investors that he had prearranged orders from buyers and would therefore be able to return their principal, plus a percentage of profits, within thirty (30) days.

8. Rather than purchasing pipe, chemicals and other industry related materials, as represented to investors, Defendant used investor money to pay his personal expenses. Despite knowing that money from previous investors was not being used in the manner represented, Defendant continued to induce new investors by creating a sense of urgency for each purported successive deal.

9. To conceal the true nature of his conduct, Defendant provided a series of excuses to investors as to why each transaction was not completed and returns made to investors. The excuses ranged from hurricane delayed imports from China to the hospitalization of his mother.

10. To further his scheme and knowing previous investors were becoming increasingly suspicious and angry, Defendant engaged in a concerted effort to prevent subsequent potential investors from communicating with prior investors. In one instance, Defendant, knowing a potential investor was a co-worker of a previous investor, advised the

potential investor not to discuss the Business Opportunities with his co-worker. Defendant told the potential investor that the co-worker was financially unable to participate and Defendant did not want the co-worker to be angry or feel badly about not being able to participate when in fact, the co-worker had invested.

11. At least one investor wire transferred investment money to a bank account controlled solely by Relief Defendant. Within days, all of the investor's money had been used to cover previously written checks for which there was an insufficient account balance or used for the payment of personal credit card bills or was withdrawn from the account in cash.

12. The Business Opportunities are not, and have never been, registered under the Act.

FIRST CAUSE OF ACTION

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

13. Plaintiff realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 12 above.

14. The Business Opportunities are securities as defined by Section 1-102 of the Act.

15. Defendant offered and sold the Business Opportunities in and/or from Oklahoma.

16. The Business Opportunities offered and sold by Defendant are not and have not been registered under the Act nor have the Business Opportunities been offered or sold pursuant to an exemption from registration under Sections 1-201 through 1-203 of the Act.

17. By reason of the foregoing, Defendant has violated and unless enjoined, will continue to violate Section 1-301 of the Act.

SECOND CAUSE OF ACTION

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

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

19. As described in paragraphs 7 through 12 above, Defendant, in connection with the offer and/or sale of the Business Opportunities, directly and indirectly, has made, untrue statements of material fact including, but not limited to, the fact that investor money would be used for the purchase and resale of oil and gas industry related materials and supplies and that Defendant had prearranged orders for the materials and supplies to be purchased and resold.

20. As described in paragraphs 7 through 12 above, Defendant, in connection with the offer and/or sale of the Business Opportunities, directly and indirectly, 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 fact that investor money was being used for the payment of Defendant's personal expenses and not for the purchase of oil and gas industry related materials and supplies for resale.

21. By reason of the foregoing, Defendant, directly and/or indirectly, has violated and unless enjoined, will continue to violate Section 1-501 of the Act.

THIRD CAUSE OF ACTION

**(Violation of Section 1-501 of the Act:
Engaging in any Act, Practice, or Course of Business Which Operates or
Would Operate as a Fraud or Deceit upon any Person)**

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

23. Defendant, in connection with the offer, sale or purchase of securities, and through the misrepresentations and omissions of material fact described in paragraphs 7 through 14 above, has engaged in an act, practice, or course of business that has operated as a fraud or deceit upon other persons.

24. By reason of the foregoing, Defendant, directly and indirectly, has violated, and unless enjoined, will continue to violate Section 1-501 of the Act.

FOURTH CAUSE OF ACTION

(Sharon Kay Haines as Relief Defendant)

25. Sharon Kay Haines received investor money as a part of and in furtherance of the scheme alleged above and under circumstances in which it is not just, equitable or conscionable for her to retain those funds. As a consequence, Relief Defendant has been unjustly enriched at the expense of investors in the Business Opportunities.

PRAYER FOR RELIEF

Defendant engaged in acts and practices in violation of the Act and, as a result of these activities, 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 Defendant, his agents, servants, employees, assigns and all those persons, directly or indirectly, acting on his behalf, under his direction and control, and/or in active concert or participation with him, who receive actual notice of the permanent injunction, by personal service, facsimile or otherwise, and each of them from offering and selling any security in and/or from this state including, but not limited to, the Business Opportunities;

II.

An order requiring Defendant to make restitution to any and all purchasers of the Business Opportunities or other securities from Defendant or who transferred money to Defendant for the purpose of making investments on their behalf;

III.

An order requiring Relief Defendant to disgorge all ill-gotten gains resulting from the acts or courses of conduct alleged herein;

IV.

An order imposing a civil penalty against Defendant in the amount of Fifty Thousand Dollars (\$50,000.00); and

V.

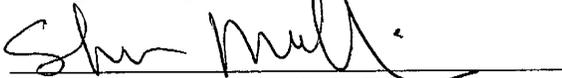
Such other equitable relief as the Court may deem necessary, just and proper in connection with the enforcement of the Act.

Respectfully submitted,

OKLAHOMA DEPARTMENT OF SECURITIES

Irving L. Faught, Administrator

By:



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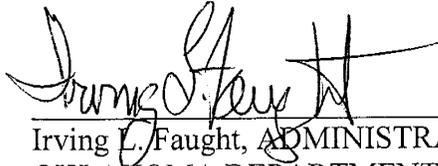
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STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA) SS.

Irving Faught, of lawful age, being first duly sworn deposes and says: that he is the Administrator of the Oklahoma Department of Securities, that he has read the foregoing Petition for Permanent Injunction and Other Equitable Relief and knows the contents thereof, and that the matters and things stated therein have been provided to him by staff members of the Department under his authority and direction, and are true and correct to the best of his knowledge, information and belief.

(SEAL)



Irving L. Faught, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES
120 North Robinson, Suite 860
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Subscribed and sworn to before me this 29th day of October, 2010.

(NOTARIAL SEAL)


Notary Public