

JAN 17 2014

TIM RHODES  
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IN THE DISTRICT COURT OF OKLAHOMA COUNTY  
STATE OF OKLAHOMA

Oklahoma Department of Securities	)
<i>ex rel.</i> Irving L. Faught,	)
Administrator,	)
	)
Plaintiff,	)
	)
v.	)
	)
2001 Trinity Fund, L.L.C. and	)
Robert Arrowood,	)
	)
Defendants.	)

Case No. CJ-2012-6164  
Judge Roger Stuart

**PLAINTIFF’S SUPPLEMENTAL RESPONSE  
TO DEFENDANT ROBERT ARROWOOD’S  
RENEWED MOTION FOR SUMMARY JUDGMENT  
AND BRIEF IN SUPPORT**

The Oklahoma Department of Securities (“Department”) respectfully submits the following supplement to its original response to Defendant Robert Arrowood’s renewed motion for summary judgment (“Motion”). As set forth in the Department’s response dated January 3, 2014 to the Motion (“Response”), Defendants offered and sold securities in the form of promissory notes (the “Notes”). The documentation supporting the additional fact set forth below was not provided to the Department prior to the date required for filing its Response.

**Other Relevant Facts**

- 1.-16. See Department’s Response, including *Exhibits 1-9*.
- 17. Robert Arrowood, himself represented that the Notes were investments. See *Exhibit 10, Affidavit of Larry Sessions ¶4*; and *Exhibit 11, Email dated March 15, 2009*.

### The Notes Are Securities

The affidavit of Mr. Sessions and the email from Defendant Arrowood present additional facts that directly dispute the facts propounded by Defendants making it necessary for the Court to deny the Motion. Exhibits 10 and 11 are particularly relevant to the third factor of the “family resemblance” test set forth in *Reves v. Ernst & Young*, 494 U.S. 45, 66, 110 S. Ct 945, 108 L.Ed.2d 47 (1990). The third *Reves* factor involves a consideration of whether the public would perceive the instrument to be a security. *Reves* at 66. An instrument may be deemed a security simply because the seller referred to it as an investment. *Reves* at 68-69; *Stoiber v. S.E.C.*, 151 F.3d 745, 751 (D.C. Cir. 1998).

Significantly, Mr. Sessions states that Defendant Arrowood repeatedly referred to the transaction as an “investment”. See *Exhibit 10* at ¶ 4. In addition, Mr. Sessions provided an email from Defendant Arrowood wherein Defendant Arrowood twice uses the word “invest” to describe their transaction. See *Exhibit 11*. That Defendant Arrowood referred to the transaction with Mr. Sessions as an investment indicates that the promissory notes were securities.

Furthermore, Larry Sessions states that he is not engaged in the oil and gas business, that he did not know Defendants for any significant amount of time prior to making his investment, that he invested his money with Defendants with the general understanding that they would use the funds to buy and sell oil and gas leases, that in exchange he received a short term, un-secured promissory note with an interest rate of 5% over a term of 45 days, and that Defendants failed to repay any of his principal and most of the interest he expected to receive. See *Exhibit 10*. Robert Arrowood also points out that Mr. Sessions was receiving a “very substantial rate of return” for his

investment. *See Exhibit 11.* As with the affidavits of the other investors that were attached as *Exhibits 2 and 4* to the Response, these facts also strongly suggest that the Notes are securities.

The Notes clearly do not resemble a routine commercial loan of the sort necessary to escape the jurisdiction of the securities laws. Therefore, the Department asks that the Motion be denied.

Respectfully Submitted,

OKLAHOMA DEPARTMENT OF SECURITIES



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**CERTIFICATE OF SERVICE**

I hereby certify that on this 17th day of January, 2014, the foregoing document was sent by email and first-class mail to the following:

William H. Bock  
Michelle L. Greene  
William H. Bock, Inc.  
6402 N. Santa Fe Ave., Ste. A  
Oklahoma City, OK 73116  
[bocklaw@sbcglobal.net](mailto:bocklaw@sbcglobal.net)  
*Attorney for Defendant Robert Arrowood*

L. Win Holbrook  
Andrews Davis, P.C.  
100 North Broadway, Suite 3300  
Oklahoma City, OK 73102  
[wholbrook@andrewsdavis.com](mailto:wholbrook@andrewsdavis.com)  
*Bankruptcy Trustee for 2001Trinity Fund, L.L.C.*

  
Gerri Kavanaugh



4. Mr. Arrowood repeatedly referred to the transaction as an "investment" on my part.

5. On December <sup>2 LMS</sup> 3, 2008, I invested \$150,000 with Mr. Arrowood.

6. In return for the investment, I received a promissory note carrying an interest rate of 5% over a term of 45 days. The rate of return was the primary factor in my decision to invest.

7. On January 19, 2009, a new promissory note was issued with the same terms for \$165,000. This was not a new investment but rather a renewal of my first promissory note that included previously due principal and interest.

8. When the January 19, 2009, promissory note came due, I received a check from 2001 Trinity Fund, L.L.C. in the amount of \$173,250. However, the check was returned due to insufficient funds.

9. I was subsequently paid \$23,250 for interest due on the promissory notes but never received repayment of my principal.

10. After much discussion with Mr. Arrowood, I agreed to accept another promissory note dated July 3, 2009.

11. When the July 3, 2009, promissory note came due, I received a check from 2001 Trinity Fund, L.L.C. in the amount of \$173,250. However, the check was returned unpaid with the reason given as "stop payment."

12. Other than making my investment, I was not involved in any way in the business or operations of 2001 Trinity Fund, L.L.C.

13. My investment was never secured by any collateral.

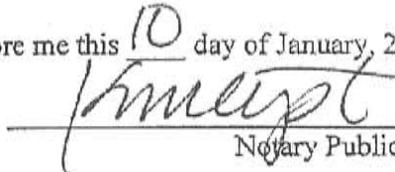
14. I am not in the business of making loans.

I hereby affirm that I am competent to make this Affidavit and that all of the foregoing is true and correct. I hereby affirm that I affix my signature to this document voluntarily and that no threat or promise of immunity or other assistance of any kind has been made by any person, to include the Administrator of the Oklahoma Department of Securities, any employee of the Oklahoma Department of Securities, and any member of the Oklahoma Securities Commission, to coerce the statements made herein.

  
Larry M. Sessionis

Subscribed and sworn to before me this 10 day of January, 2014.

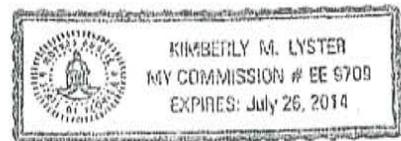
(NOTARIAL SEAL)

  
Notary Public

KIMBERLY LYSTER

My Commission Expires:

07-26-2014



[Print] [Close]

From: Rob Arrowood <rob@thetrinitygroup.com>  
To: anne.larry@mchsi.com  
Subject: Re: March 6 Cash-out  
Date: Sunday, March 15, 2009 4:16:58 PM

Larry,

Lets not forget that I was approached on your behalf to invest money for you at a very substantial rate of return.

I sent your interest as a sign of good faith and yet still am on the receiving end of your insults and threats.

The \$150,000.00 will not be wired into your account tomorrow. If you wish to follow through with your threats .... so be it. That is your decision.

I have been working diligently to bring our agreement to a resolution and will continue to do so. If I would have known in the beginning that things were going to move this slow I would not have allowed you to invest.

Nothing is going to happen next week as everyone will be out for spring break .... except me. I will advise you of my next closing date as soon as I have it confirmed. Thats the best I can do.

Rob Arrowood

On Mar 14, 2009, at 11:48 AM, [anne.larry@mchsi.com](mailto:anne.larry@mchsi.com) wrote:

- > This is the eight day past the close-out date of March 6 2009.
- > According to the terms of the Promissory Note a penalty of \$7500 is
- > due if the close-out is not completed after ten days after March 6.
- > I appreciate the interest you have paid; however, I need the return
- > of the initial investment of \$150,000. I have called a temporary
- > hold on all legal action with the understanding you will bring me
- > out of the darkness and into the light of your circumstances and
- > establish a firm date for the return of my initial investment. I
- > have not heard from you and my patience is not endless. I remind you
- > that I have been waiting over six weeks to terminate this investment
- > and my reasons for the termination were expressed in my prior email.
- >
- > I expect you will wire the remaining \$150,000 to my checking account
- > on Monday March 16, 2009. Lets note waste your and my time with
- > counterproductive legal action.
- >
- > Larry Sessions
- >
- > P. S. I wish a peace for your Mother-in-law.
- >

EXHIBIT

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