

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

Oklahoma Department of Securities)
ex rel. Irving L. Faught,)
Administrator,)

Plaintiff,)

v.)

Nu-Equities Financial, Inc.; JDJ)
Associates, Inc. and)
and James A. Echols,)

Defendants.)

CJ-2003-1567

Case No.

FILED IN THE DISTRICT COURT
OKLAHOMA COUNTY, OKLA.

FEB 21 2003

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 Defendants, alleges and states as follows:

OVERVIEW

1. This case involves violations of the Oklahoma Securities Act (the "Act"), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (2001), by Nu-Equities Financial, Inc., JDJ Associates, Inc., and James A. Echols (collectively, the "Defendants"). Specifically, the Department alleges that Defendants failed to register as a broker-dealer and/or agent, failed to register securities for offer and/or sale in and/or from the State of Oklahoma, and perpetrated fraud in connection with the offer, sale or purchase of securities.

JURISDICTION

2. The Administrator of the Department brings this action pursuant to Section 406.1 of the Act and is the proper party to bring this action against Defendants.

3. Pursuant to Sections 2 and 413 of the Act, Defendants, in connection with the offer, sale, and/or purchase of securities in and/or from this State, are 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, Defendants are subject to the jurisdiction of this Court and to service of summons within or outside of this state.

DEFENDANTS

4. Nu-Equities Financial, Inc. ("Nu-Equities") is an Oklahoma corporation that, at all times material hereto, was owned and controlled by James A. Echols.

5. JDJ Associates, Inc. ("JDJ") is an Oklahoma corporation that, at all times material hereto, was owned and controlled by James A. Echols.

6. James A. Echols ("Echols") is an individual who, at all times material hereto, was a resident of the state of Oklahoma doing the acts complained of in his own name and/or in the names of Nu-Equities and/or JDJ.

NATURE OF THE CASE

7. At all times material hereto, Echols represented that he was engaged in the business of "small and minority business development." Echols represented that, through Nu-Equities and JDJ, he offered technical knowledge and financial resources necessary for small businesses to be successful. He further represented that his companies provided "a myriad of services to the 'budding' entrepreneur" and that their

"selective screening and consultation allows us to assist projects from conception through business success."

8. Through written advertisements and personal meetings, Echols assured potential clients that he could obtain funding for them through loans or equity investments. Echols told clients that he would obtain business loans for them within 30 to 90 days.

9. Prior to commencing the promised work, Echols required that each client enter into a "Consultant Fee Agreement" (the "Fee Agreement") with Nu-Equities or JDJ and pay an advance fee. The advance fees paid to Echols varied between clients. Some clients were required to pay advance fees of 10 percent or more of the principal amounts of the loans or equity investments they were seeking.

10. The funding promised by Echols never materialized. Echols lulled clients with repeated assurances that funding would arrive within a few weeks, until most clients either gave up attempts to contact him or Echols refused to communicate further with such clients.

FIRST CAUSE OF ACTION

(Violation of Section 301 of the Act: Offering and/or Selling Unregistered Securities)

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

12. The Fee Agreements offered and/or sold by Nu-Equities, JDJ and Echols are securities as defined in Section 2 of the Act. Such securities were offered and/or sold in and/or from this state and were not registered under the Act. By reason of the foregoing, Nu-Equities, JDJ and Echols have violated, and unless enjoined, will continue to violate, Section 301 of the Act.

SECOND CAUSE OF ACTION

(Violation of Section 201 of the Act: Failure to Register as a Broker-Dealer and/or Agent)

13. Plaintiff realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 10 above.

14. Defendant Echols, by virtue of his efforts and activities in representing Nu-Equities and JDJ in effecting or attempting to effect purchases or sales of securities, is an agent as defined in Section 2 of the Act. Defendant Echols is not, and has not been, registered under the Act as an agent as required by Section 201 of the Act. By reason of the foregoing, Defendant Echols has violated, and unless enjoined, will continue to violate, Section 201 of the Act.

THIRD CAUSE OF ACTION

(Violation of Section 101(2) of the Act: Untrue Statements of Material Facts and Omissions of Material Facts in Connection With Offer, Sale or Purchase of Securities)

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

16. Defendants Nu-Equities, JDJ and Echols, in connection with the offer, sale or purchase of securities, 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 following matters:

- a. that since 1996 Echols, Nu-Equities and/or JDJ were named as defendants in at least five (5) lawsuits filed by their clients and relating to the Fee Agreements and Defendants' failure to obtain promised funding;
- b. that the Fee Agreements are securities that were not registered under the Act.

17. By reason of the foregoing, Defendants Nu-Equities, JDJ and Echols, directly and indirectly, violated, and unless enjoined, will continue to violate, subsection (2) of Section 101 of the Act.

FOURTH CAUSE OF ACTION

**(Violation of Section 101(3) 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)**

18. The Department realleges and incorporates by reference each and every allegation contained in the preceding causes of action.

19. Defendants Nu-Equities, JDJ and Echols, in connection with the offer, sale or purchase of securities, and through the omissions of material facts described in

paragraph 16 above, engaged in an act, practice, or course of business that operated as a fraud or deceit upon investors.

20. By reason of the foregoing, Defendants Nu-Equities, JDJ and Echols, directly and indirectly, violated, and unless enjoined, will continue to violate, subsection (3) of Section 101 of the Act.

PRAYER FOR RELIEF

Defendants have engaged in acts and practices in violation of the Act and have, as a result of these activities, received a substantial amount of money from their clients. Unless enjoined, Defendants will continue to engage in the acts and practices set forth herein and acts and practices of similar purport and object.

WHEREFORE, based upon the foregoing, and pursuant to the authority specifically granted by Section 406.1 of the Act, the Department prays for the court to grant the following relief:

I.

Enter an order making findings of fact and conclusions of law that Defendants violated the Act;

II.

A permanent injunction forever enjoining and restraining Defendants from:

- a. violating Section 201 of the Act;
- b. violating Section 301 of the Act; and
- c. violating Section 101 of the Act;

III.

Enter an order imposing a civil penalty of Fifty Thousand Dollars (\$50,000.00) against each Defendant; and

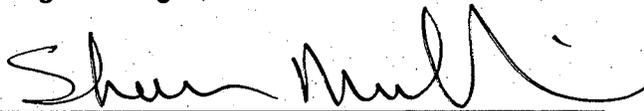
IV.

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:

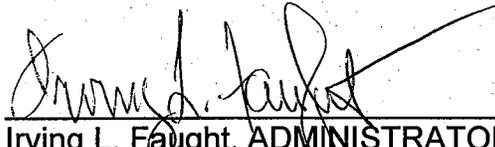


Shaun M. Mullins (OBA # 16869)
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, Oklahoma 73102
(405) 280-7700

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
Oklahoma City, Oklahoma 73102
(405) 280-7700

Subscribed and sworn to before me this 20th day of February, 2003.

(NOTARIAL SEAL)


Notary Public

My Commission Expires: August 26, 2005
My Commission No.: 01013792