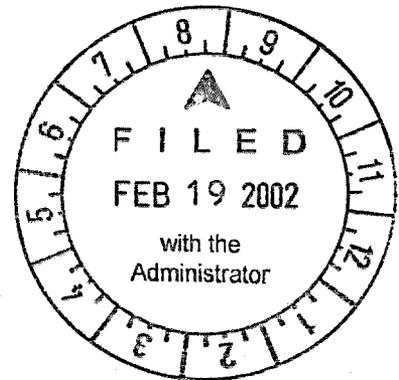


DEPARTMENT OF SECURITIES
First National Center, Suite 860
120 North Robinson
Oklahoma City, Oklahoma 73102



In the Matter of:

Southmark of Tulsa, Inc.,
Wendell D. Belden, and
Gertrude M. Edwards,

Respondents,

File No. ODS 01-150

RESPONDENTS' MOTION TO QUASH

COME NOW the Respondents, Southmark of Tulsa, Wendell D. Belden, and Gertrude M. Edwards, and move that the Subpoena Duces Tecum issued by the Administrator of the Department of Securities Dated February 13, 2002 be quashed.\

I. REQUESTED DOCUMENTS ARE IRRELEVANT AND REDUNDANT

Appendix "A" to the subpoena, Item 1 and 2 ask for the calculations of the rate of return on "Potomac Small Cap Plus Unmanaged account" and the "Managed Investment Account" at Potomac. Southmark did not calculate those numbers.

Item 3 asks for all client agreements for accounts that were active after December 31, 2000. In response to the department's previous Subpoena dated August 13th, 2001 copies of a sample of customer agreements with the names blacked out were provided. Copying additional forms would be merely cumulative.

Item 4 and 5 request client lists as of April 1, 2000 and January 31, 2002. Southmark does not keep monthly client lists in ordinary course of business. Client information is not generally disclosed without a showing of necessity. The Department has not disclosed the purpose of this inquiry and the scope of their investigation. The number of clients of Southmark is available on the Internet through the IARD site available to the public.

Item 6 requests all records of all customer transactions in Potomac funds for clients who were active after December 31, 2000. In response to the previous subpoena documents were provided for the period from April 2001 through June 2001. Again, the information would be merely cumulative and irrelevant.

Items 7, 8 and 9 do not relate to any issue alleged in this proceeding.

Item number 10 asks for all records maintained for six clients. Three of them are related to allegations in this matter. The Department had full access to these files during its examination of Southmark in April and apparently believes it has enough information to instigate and support those allegations. It is again a request for merely cumulative and irrelevant information.

Item Number 11 requests for documents evidencing Southmark's managed accounts performance for calendar years 1999 through 2001. This information is not relevant to any issues raised in the allegations.

Item 12 requests documents evidencing the total amount of assets under management by Southmark for calendar years 2000 and 2001. This information is not relevant to any issues raised in the allegations. The only known document relating to the assets under management for those years are the form ADV for those years and a list of accounts for 2001. All of those documents are already in the possession of the Department.

Item 13 requests all advertising and sales materials for calendar years 2000 and 2001. All such material was made available to the Department during its examination in April 2001. The Department's allegations establish that it has copies of all such material relevant to the allegations.

Items 14, 15 and 16 again ask for material furnished in the previous Subpoena and would be merely irrelevant and cumulative.

The second subpoena delivered has three items. Items 1 and 2 are redundant of Items on the first subpoena.

Item 3 asks for copies of all checks, front and back during 2000 and 2001 made payable to Southmark as a result of the Dealer Agreement dated February 24, 2000 with Rafferty Capital Markets, Inc.. Most of such items are transmitted by wire. The amount of fees received by Southmark has been stipulated to by all parties.

II. THE SUBPOENA FAILS TO ALLOW A REASONABLE TIME FOR COMPLIANCE

The Respondents attorney received the Subpoena dated February 13, 2002 at approximately 4:30 p.m. on Wednesday, February 13, 2002. The response date is set for Tuesday, the 19th. With the intervening Monday being a holiday. The Respondents were only allowed three working days to comply.

III. THE SUBPOENA REQUIRES DISCLOSURE OF PROTECTED MATTER

Title 71, Section 405 of the Oklahoma Securities Act prohibits the Administrator from requiring an Investment Advisor to disclose the identity, investments or affairs of any client unless necessary or appropriate in a particular proceeding or investigation. The requests for redundant, cumulative evidence is not necessary or appropriate.

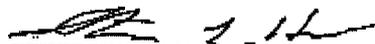
IV. THE SUBPOENA SUBJECTS RESPONDENTS TO UNDUE BURDEN

Southmark of Tulsa, Inc. is a very small entity with less than eight employees. Any possible benefit to the Department of obtaining this information is far disproportionate to the burden imposed on the Respondents.

If the Respondents are required to produce the documents required by the subpoena, they request a reasonable period of time to comply and that the Scheduling Order be amended by setting each matter two weeks later.

Dated this 5th day of February, 2002.

Respectfully Submitted,



Steven L. Hunt, OBA#4495
5110 South Yale, Suite 100
Tulsa, Ok 74135
(918) 492-5541

ATTORNEY FOR PLAINTIFF

CERTIFICATE OF SERVICE

I, Steven L. Hunt, hereby certify that on the date reflected below, I served the above and foregoing Document by mailing a true and correct copy of said document, with first class postage fully prepaid, to:

THE OKLAHOMA DEPARTMENT OF SECURITIES
First National Center, Suite 860
120 North Robinson
Oklahoma City, Oklahoma 73102

Norwood Beveridge
First National Center, Suite 860
120 North Robinson
Oklahoma City, Oklahoma 73102

DATED: 2/15/02


Steven L. Hunt