



IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

Oklahoma Department of Securities)
ex rel. Melanie Hall, Administrator,)
)
Plaintiff,)
)
v.)
)
Bricktown Financial, LLC, an Oklahoma)
limited liability company, and)
John William Benn,)
)
Defendants.)

Case No. CJ-2019-4680

FILED IN DISTRICT COURT
OKLAHOMA COUNTY

MAY - 2 2022

RICK WARREN
COURT CLERK

APPLICATION FOR INDIRECT CONTEMPT
AND BRIEF IN SUPPORT

126 _____

Plaintiff, Oklahoma Department of Securities (“Department”), ex rel. Melanie Hall, Administrator, hereby charges and accuses Defendants Bricktown Financial, LLC (“Bricktown”) and John William Benn (“Benn”) (collectively, “Defendants”), of having knowingly, willfully and contemptuously disobeyed and violated this Court’s *Agreed Final Order, Judgment, and Permanent Injunction* (“Agreed Final Order”) issued on December 5, 2019.

BACKGROUND

1. On August 22, 2019, the Department filed a *Petition for Permanent Injunction and Other Relief* (“Petition”) against Defendants. See Exhibit “A”. The Department alleged in the Petition that Defendants offered and sold unregistered securities and perpetrated fraud in connection with the offer and sale of the securities. The securities sold by Defendants related to “private fund” investments where investors would receive a rate of return of between seven-

percent (7%) and eight-percent (8%) yearly for two (2) to five (5) years. Defendants raised over \$300,000 from Oklahoma investors and only returned a partial amount due to investors.

2. On December 5, 2019, the Court entered the Agreed Final Order. The Court permanently enjoined Defendants from transacting business in and/or from the state of Oklahoma as an issuer, issuer agent, broker-dealer, broker-dealer agent, investment adviser, and/or investment adviser representative; and from otherwise engaging in the offer and/or sale of securities in and/or from the state of Oklahoma. *See* Exhibit “B”.

**OFFER AND SALE OF SECURITIES
IN VIOLATION OF AGREED FINAL ORDER**

3. Following this Court’s issuance of the Agreed Final Order, Defendants offered and/or sold securities to at least four Oklahoma residents in the nature of bridge note agreements (“Investment Agreements”). The Investment Agreements offered yearly interest rates between 7% and 9% for one (1) to five (5) years.

4. Following the Court’s issuance of the Agreed Final Order, on or about July 20, 2020, Defendants entered into a \$17,566.12 Investment Agreement for the sum of with an 8.5% promised yearly interest rate. The term of the Investment Agreement is four (4) years.

5. Following the Court’s issuance of the Agreed Final Order, on or about December 8, 2020, Defendants entered into a \$35,000 Investment Agreement with an 8.5% promised yearly interest rate. The term of the Investment Agreement is five (5) years.

6. Following the Court’s issuance of the Agreed Final Order, on or about May 26, 2021, Benn entered into a \$3,000 Investment Agreement with an 8% promised yearly interest rate. The term of the Investment Agreement is one (1) year.

7. Following the Court's issuance of the Agreed Final Order, on or about June 4, 2021, Benn entered into a \$15,000 Investment Agreement with a 7.75% promised yearly interest rate. The term of the Investment Agreement is two (2) years.

8. The Investment Agreements discussed in paragraphs 3-7 above were not registered or exempt from registration under the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2022).

AUTHORITIES

Indirect contempt is defined by 21 O.S. § 565, in part, as willful disobedience of any order lawfully issued or made by a court. Proof of disobedience of the order must be made by clear and convincing evidence. *Hadley v. Hadley*, 1928 OK 111, ¶6, 280 P. 1097, 1100. In the context of contempt, "willful" is determined by whether the charged party could have, but refused, to comply. *Collins v. Collins*, 1995 OK CIV APP 56, ¶7, 898 P.2d 1316, 1319.

CONCLUSION

The conduct described herein constitutes violations of the Agreed Final Order and constitutes instances of indirect contempt of court.

Wherefore, the Department requests that this Court issue a citation directing the Defendants to appear and show cause why they should not be held in contempt and, after a full and complete hearing, that the Defendants be adjudged guilty of indirect contempt for failure to comply with the Agreed Final Order entered by this Court, and punished by the maximum fine, imprisonment, or both, and/or by and through such other relief as this Court deems appropriate.

Respectfully Submitted,

Oklahoma Department of Securities
Melanie Hall, Administrator

By:

A handwritten signature in black ink, appearing to read "Jennifer Shaw", written over a horizontal line.

Jennifer Shaw, OBA #20839

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CJ-2019-4680
Case No.

**PETITION FOR PERMANENT INJUNCTION
AND OTHER RELIEF**

Plaintiff, Oklahoma Department of Securities, *ex rel.* Melanie Hall, (“Department”),
for its claims against the above-named Defendants, alleges and states as follows:

OVERVIEW

1. This case involves violations of the Oklahoma Uniform Securities Act of 2004 (the “Act”), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011 and Supp. 2018), by Bricktown Financial, LLC and John William Benn (collectively, “Defendants”). Specifically, the Department alleges Defendants have offered and sold unregistered securities in violation of Section 1-301 of the Act and perpetrated fraud in connection with the offer and sale of securities in violation of Section 1-501 of the Act. Defendants were able to perpetrate this fraud by preying upon the trust and confidence placed in John William Benn as a registered securities agent and a licensed insurance agent.

JURISDICTION

2. The Department brings this action pursuant to Section 1-603 of the Act and is

EXHIBIT
A

the proper party to bring this action against Defendants.

3. Pursuant to Sections 1-102 and 1-610 of the Act, Defendants, in connection with their activities in the offer and/or sale of securities in and/or from this state, are subject to the provisions of the Act. By virtue of their activities in this state, as described herein, Defendants are subject to the jurisdiction of this Court and to service of summons within this state.

4. Venue is proper in this county.

DEFENDANTS

5. Bricktown Financial, LLC ("Bricktown") is an Oklahoma limited liability company located in Oklahoma City, Oklahoma.

6. John William Benn ("Benn") is an Oklahoma resident. Benn became a licensed agent under the Act in 1993. Benn worked for multiple broker-dealers and left the securities industry in 2017.

7. At all times material hereto, Benn held an insurance license through the Oklahoma Insurance Department. Benn is licensed to sell accident and health or sickness insurance, and life insurance.

8. The Defendants offered and/or sold securities in and/or from Oklahoma as described herein.

NATURE OF THE CASE

9. Beginning in October 2012, Defendants offered and sold investments in a so-called "private fund" ("Investment Agreements"). The Investment Agreements were offered and sold to Benn's securities and insurance clients.

10. The Investment Agreements provided that investors would receive interest at a rate of between 7% and 8% yearly for a period of two to five years, with interest payable every

six months. At the conclusion of the investment term, the investors had the opportunity to renew the Investment Agreements or choose to receive payment of their principal and any unpaid interest.

11. Defendants offered and sold the Investment Agreements to at least eight individuals who were residents of Oklahoma at the time of the offer and sale. Defendants raised over \$300,000 from Oklahoma investors.

12. The Defendants told at least one investor that 100% of the investment monies would be maintained in a segregated account to "cover a requirement by the SEC for the amount of policies [Benn] had sold."

13. Defendants did not maintain a segregated account as represented above. Defendants deposited the investors' money in general operating business account(s) held by the Defendants.

14. Defendants did not invest the investors' money, or otherwise use the money to earn interest, but instead, used the money, in part, for cash withdrawals, personal expenses, and payments to other investors. The Defendants did not disclose any risk factors associated with the investments.

15. The Defendants did not disclose any risk factors associated with the investments.

16. Defendants returned the principal amounts due to two of the eight Oklahoma investors. The other Oklahoma investors did not receive the return of their Principal.

17. The Investor Agreements offered and sold by Defendants were not registered under the Act.

FIRST CAUSE OF ACTION

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

18. The Department realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 17 above.

19. The Investment Agreements are securities as defined by Section 1-102 of the Act.

20. By reason of the foregoing, Defendants have violated, may be violating, and unless enjoined, will continue to violate Section 1-301 of the Act.

SECOND CAUSE OF ACTION

(Violation of Section 1-501(2) of the Act: Untrue Statements and Omissions of Material Fact)

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

22. Defendants, in connection with the offer and/or sale of securities, through the statements described above, have made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

23. By reason of the foregoing, Defendants, directly and indirectly, have violated, may be violating, and unless enjoined, will continue to violate Section 1-501(2) of the Act.

THIRD CAUSE OF ACTION

(Violation of Section 1-501(3) of the Act: Fraud or Deceit)

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

25. Defendants, in connection with the offer and/or sale of securities, and through the use of the untrue statements of material fact and the omissions of material fact described above, have engaged in an act, practice, or course of business that has operated and may continue to operate as a fraud or deceit upon other persons.

26. By reason of the forgoing, Defendants, directly and indirectly, have violated, may be violating, and unless enjoined, will continue to violate Section 1-501(3) 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 investors. Unless enjoined, there is a reasonable likelihood that Defendants will 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 1-603 of the Act, the Department prays for the Court to grant the following relief:

I.

A permanent injunction enjoining Defendants, their agents, servants, employees, attorneys, and those persons in active concert or participation with them, from transacting business in and/or from this state as an issuer, issuer agent, broker-dealer, broker-dealer agent,

investment adviser and/or investment adviser representative, and otherwise offering or selling any security in and/or from this state;

II.

An order requiring Defendants to make restitution to any and all investors who purchased securities from Defendants; and

III.

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

Respectfully submitted,

OKLAHOMA DEPARTMENT OF SECURITIES

By:



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AGREED FINAL ORDER, JUDGMENT, AND PERMANENT INJUNCTION

On this 4th day of December 2019, this matter came before the undersigned Judge of the District Court in and for Oklahoma County, State of Oklahoma, for entry by consent of this *Final Order, Judgment, and Permanent Injunction* ("Order"). After a review of the pleadings, this Court finds:

On August 22, 2019, Plaintiff filed a petition alleging that Bricktown Financial, LLC and John William Benn (collectively, "Defendants") engaged in violations of Section 1-301 and Section 1-501 of the Oklahoma Uniform Securities Act of 2004, Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011 and Supp. 2018). On December 4, 2019, Defendants filed their Answer.

Defendants voluntarily agree to the entry of the Orders and stipulate that there was no threat or promise of immunity of any kind by the Administrator of the Oklahoma Department of Securities, any employee of the Oklahoma Department of Securities, or any member of the Oklahoma Securities Commission.

EXHIBIT
B

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendants are permanently enjoined from transacting business in and/or from the state of Oklahoma as an issuer, issuer agent, broker-dealer, broker-dealer agent, investment adviser, and/or investment adviser representative; and from otherwise engaging in the offer and/or sale of securities in and/or from the state of Oklahoma.

IT IS FURTHER ORDERED that the Defendants waive their right to appeal this Order.

IT IS FURTHER ORDERED that nothing in this Order shall prohibit the Plaintiff from acting, as authorized by law, in the event of Defendant's failure to comply with this Order.

IT IS FURTHER ORDERED that this Court will retain jurisdiction of this matter for the purpose of enforcement of this Order.

IT IS SO ORDERED.

Dated this 5th day of December, 2019.

CINDY H. TRUONG

JUDGE OF THE DISTRICT COURT

APPROVED:



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Oklahoma County



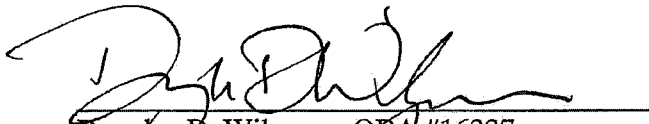
John William Benn
Defendant John William Benn

Date: 12-4-2019

Defendant Bricktown Financial, LLC

John William Benn, Managing Member
By: John William Benn, Managing Member

Date: 12-4-2019



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