IRVING L. FAUGHT
ADMINISTRATOR

MARY FALLIN
GOVERNOR

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES

MEMORANDUM

To: ***Irving L. Faught, Administrator***

From: ***Melanie Hall, Deputy Administrator***

Date: ***April 5, 2012***

Re: ***ENFORCEMENT REPORT***

Attached is the report of the enforcement activities of the Department for the month ended March 31, 2012.

Attachment

h/home/londonb/EnforcementReports/11_Enf-Reports_Mar-2012.doc

OKLAHOMA DEPARTMENT OF SECURITIES
ENFORCEMENT ACTIVITIES
MARCH 2012

			FY-12		FY-11	
			Month	YTD	Month	YTD
I.	**Enforcement Files**					
	a. Active Enforcement Files as of first day of the reporting month		253		256	
	b. Enforcement Files Opened During Month		9	80	13	68
	1. Securities Act		9	66	12	59
	2. Business Opportunity Sales Act		0	10	1	6
	3. Other		0	4	0	3
	c. Enforcement Files Closed During Month		6	58	6	69
	d. Active Enforcement Files as of last day of the reporting month		256		263	
II.	**Actions Taken During Month**					
	a. Orders Initiating Investigation		0	0	0	1
	1. Securities Act		0	0	0	1
	2. Business Opportunity Sales Act		0	0	0	0
	b. Summary Orders		1	2	0	0
	1. Securities Act		1	2	0	0
	2. Business Opportunity Sales Act		0	0	0	0
	c. Notices of Opportunity for Hearing Served		5	14	0	13
	1. Securities Act-Notices		5	14	0	12
	i. Hearing Set		1	1	0	3
	ii. Hearings Held		0	0	0	0
	2. Business Opportunity Sales Act Notices		0	0	0	1
	i. Hearing Set		0	0	0	0
	ii. Hearings Held		0	0	0	0

SUMMARY

In the Matter of: Anthony L. Cross and The O.N. Equity Sales Company
ODS File No. 11-017

On January 25, 2012, the Administrator of the Department issued a notice of opportunity for hearing on an Enforcement Division Recommendation (Recommendation) against Anthony L. Cross (Cross) and The O.N. Equity Sales Company (ONESCO) (collectively, the "Respondents"). The recommendation alleged Respondents violated 660:11-5-42 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules), in connection with the offer and/or sale of securities in and/or from Oklahoma.

On March 9, 2012, Respondents filed their answers and requested a hearing. On March 30, 2012, the Administrator issued an Order Setting Hearing.

In the Matter of: Colby Younger Ruth
ODS File No. 12-057

On March 30, 2012, the Administrator of the Department issued a notice of opportunity for hearing on an Enforcement Division Recommendation (Recommendation) against Colby Younger Ruth ("Respondent"). The recommendation alleged Respondent engaged in dishonest or unethical practices in the insurance business within the previous ten (10) years.

In the Matter of: Rodney Larry Watkins Jr.
ODS File No. 12-058

On March 30, 2012, the Administrator of the Department issued a notice of opportunity for hearing on an Enforcement Division Recommendation (Recommendation) against Rodney Larry Watkins Jr. ("Respondent"). The recommendation alleged Respondent engaged in unethical practices in violation of 660:11-5-42 of the Rules.

			FY-12		FY-11	
			Month	YTD	Month	YTD
	d. Orders		4	21	6	28
	1. Securities Act		4	21	5	27
	2. Business Opportunity Sales Act		0	0	1	1
	e. Public Settlement Agreements		0	8	1	7
	1. Securities Act		0	8	1	7
	2. Business Opportunity Sales Act		0	0	0	0
	f. Confidential Settlement Agreements		0	0	0	0
	1. Securities Act		0	0	0	0
	2. Business Opportunity Sales Act		0	0	0	0

SUMMARY

In the Matter of: **Goldman, Sachs & Co.**
ODS File No. 10-082

On March 20, 2012, the Administrator of the Department issued a Consent Order (Order) against Goldman, Sachs & Co. ("Goldman") in connection with its offers and sales of auction rate securities in the state of Oklahoma. Goldman agreed to pay the sum of $188,128.55 to the Department's Investor Education Revolving Fund.

In the Matter of: **Allied Management Services, American Advantage Title, Alan Cooper, Dennis Newman, Brad Johnson, Gina Gersh, and Mark Roberts**
ODS File No. 12-032

On March 21, 2012, the Administrator of the Department issued a notice of opportunity for hearing on an Order to Cease and Desist (Order) against Allied Management Services, American Advantage Title, Alan Cooper, Dennis Newman, Brad Johnson, Gina Gersh and Mark Roberts (collectively, "Respondents"). Respondents contacted individuals, in and/or from the state of Oklahoma, to offer to purchase their real estate interests in vacation property (Timeshare Interests), in violation of Sections 1-301, 1-402 and 1-501 of the Oklahoma Uniform Securities Act of 2004 (Act).

In the Matter of: **Primo Seasonings, LLC and Granville H. Montgomery**
ODS File No. 12-056

On March 21, 2012, the Administrator of the Department issued a notice of opportunity for hearing on an Order to Cease and Desist (Order) against Primo Seasonings, LLC (Primo) and Granville H. Montgomery (Montgomery) (collectively, "Respondents"), in connection with the offer, sale and/or purchase of interests in Primo, in violation of Sections 1-301, 1-402 and 1-501 of the Act.

In the Matter of: **Keith D. Geary**
ODS File No. 12-080

On March 30, 2012, the Administrator of the Department issued a notice of opportunity for hearing on a Summary Order Postponing Application for Registration (Summary Order) against Keith D. Geary (Geary), in connection with his registration as an agent of Union Capital Company. The action was based on the pending administrative proceeding styled *In the Matter of: Geary Securities, Inc. fka Capital West Securities; Keith D. Geary; Norman Frager; and CEMP, LLC,* ODS File No. 09-141. On March 30, 2012, Geary filed a request for hearing.

In the Matter of: **Geary Securities, Inc. *fka* Capital West Securities, Inc.; Keith D. Geary; Norman Frager; and CEMP, LLC**
ODS File No. 09-141

On March 8, 2010, the Administrator of the Department issued an Order Initiating Investigation against Geary Securities, Inc. and Keith D. Geary, both of Oklahoma City, Oklahoma. The Order was premised upon information that violations of the Act and/or the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules) may have occurred, in connection with the offer and/or sale of securities by Respondents.

On September 22, 2010, the Administrator of the Department issued a notice of opportunity for hearing on an Enforcement Division Recommendation (Recommendation) against Geary Securities, Inc. *fka* Capital West Securities, Inc.; Keith D. Geary; Norman Frager; and CEMP, LLC (collectively, "Respondents"). The Recommendation alleged Respondents violated Sections 1-401, 1-402 and/or 1-501 of the Act and 660:11-5-42 of the Rules, in connection with the offer and/or sale of securities in and/or from Oklahoma.

October 15, 2010, Respondents filed their answers and requested a hearing.

On November 9, 2010, the Administrator issued an order setting a hearing date of February 23, 2011, and appointing Bruce Kohl, of Santa Fe, New Mexico, as hearing officer.

On December 7, 2010, the Department issued discovery requests to Respondent Keith Geary. On December 14, 2010, the Hearing Officer filed an Agreed Scheduling Order. On December 22, 2010, the Department filed its preliminary list of witnesses and exhibits. On December 22, 2010, the Department received Keith Geary's response to the Department's

discovery requests. On December 23, 2010, the Department received a request for production of documents from Geary Securities. On December 23, 2010, Respondents filed their preliminary list of witnesses and exhibits. On December 29, 2010, the Department received a second request for production of documents from Geary Securities.

On January 13, 2011, the Department responded to Geary Securities' second request for production of documents. On January 14, 2011, the Department responded to Geary Securities' first request for production of documents. On January 19, 2011, the Department filed an amended response to Geary Securities' first request for production of documents.

On February 14, 2011, an amended Scheduling Order was filed.

On March 1, 2011, Bank of Union, John Shelley, Mike Braun, and Tim Headington (Third Parties), filed a motion to quash subpoenas issued on behalf of the Geary Respondents and a request for a protective order. On March 7, 2011, the Department received a third request for production of documents from Geary Securities. On March 14, 2011, the Geary Respondents, joined by Respondent Norman Frager, filed a Motion to Strike Witnesses and Allegations, a Motion for Protective Order to Limit Scope of Depositions, Response and Objection to the Bank of Union's Motion to Quash, and an alternative Motion for Expedited Enforcement of Subpoena in the District Court. On March 15, 2011, the Department filed its response to the Geary Respondents' motions. On March 22, 2011, the Department responded to Geary Securities' third request for production of documents. On March 24, 2011, the Department filed a second amended response to Geary Securities' first request for production of documents. On March 24, 2011, the Hearing Officer entered orders denying the Third Parties' Motion to Quash and for Protective Order and an order denying Respondents' Motion to Strike Witnesses and Allegations, Motion for Protective Order to Limit Scope of Depositions, and Motion for Expedited Enforcement of Subpoena in the District Court. On March 25, the Department filed its final list of witnesses and exhibits. On March 25, 2011, the Geary Respondents filed an application for the judicial enforcement of subpoenas. On March 28, 2011, the Geary Respondents filed a motion for a preclusion order striking witnesses from the Department's final witness list based on the Department's non-compliance with the agreed amended scheduling order. On March 28, 2011, the Geary Respondents filed a Motion for Preclusion Order and Order Striking Witnesses and Allegations, and an Alternative Motion to Compel Production of Responsive Documents Wrongfully Withheld by the Department. On March 28, 2011, the Department filed its amended final list of witnesses. On March 28, 2011, the Geary Respondents filed their objection to the Department's amended final list of witnesses and renewed their request for a hearing on their motion for a preclusion order striking witnesses from the Department's final witness list.

On April 1, 2011, the Department filed its objection and response to the Geary Respondents' motion for a preclusion order striking witnesses from the Department's final witness list and their objection to the Department's amended final list of witnesses. On April 4, 2011, the Geary Respondents filed their reply to the Department's objection and response. On April 5, 2011, Norman Frager joined in the Geary Respondents' motions and objections filed March 28, 2011. On April 5, 2011, the Geary Respondents filed their joint final list of witnesses. On April 5, 2011, the Geary Respondents filed their joint application for modification of the

scheduling order deadlines. On April 7, 2011, the Department filed its objection and response to the Geary Respondents' motion for preclusion order and order striking witnesses and allegations, and their alternative motion to compel production of responsive documents. On April 12, 2011, the Geary Respondents filed their reply to the Department's objection and response. On April 12, 2011, the Hearing Officer entered an order denying the Geary Respondents' motion for a preclusion and order striking witnesses from the Department's final witness list. On April 12, 2011, the Hearing Officer filed an Agreed Order Striking Scheduling Order Deadlines.

On May 6, 2011, a telephonic hearing was conducted relating to the discovery items in dispute. The Hearing Officer ruled that certain of the disputed items be submitted for his *in camera* inspection. On May 9, 2011, the Geary Respondents filed their response to the Department's first request for production of documents. On May 24, 2011, the Hearing Officer entered an Agreed Order relating to the procedures for the *In Camera* inspection. The Administrator subsequently determined that he would take no further action to enforce the subpoena issued to Tim Headington.

On July 13, 2011, the Geary Respondents filed a motion for reconsideration of the Administrator's refusal to proceed with enforcement of the Subpoena pursuant to the Order entered on March 24, 2011 by the Hearing Officer.

On August 1, 2011, the Geary Respondents filed an application to deem their motion for reconsidered confessed and granted. On August 4, 2011, the Administrator issued an order denying Respondents' application. On August 5, 2011, the Geary Respondents filed a motion for reconsideration and vacation of the order dated August 4, 2011. On August 5, 2011, the Geary Respondents filed an application for re-issuance of subpoenas to Tim Headington. On August 12, 2011, the Geary Respondents filed an application for the Administrator to take immediate action to enforce the District Court's order dated July 25, 2011, relating to the production of documents by Bank of Union, John Shelley and Mike Braun. On August 19, 2011, the Hearing Officer issued subpoenas to produce documents and to appear and testify to Tim Headington, David Tinsley, Earl Mills, Eldon Ventris, Jeff Wills, Ray Evans, and Steve Kotter.

On September 22, 2011, a Texas deposition subpoena was issued, on behalf of Respondents, to Tim Headington, a resident of Dallas, Texas. On September 27, 2011, John J. Schirger and Matthew W. Lytle, of the Kansas City law firm of Miller Schirger, LLC, filed a Motion for Temporary Admission and Entry of Appearance of Out of State Counsel. On September 28, 2011, Gary Bryant filed motions to associate counsel as to Mr. Schirger and Mr. Lytle.

On October 3, 2011, the Hearing Officer entered orders admitting John J. Schirger and Matthew W. Lytle to practice. On October 3, 2011, the Geary Respondents and Respondent Frager filed a motion for recusal of the Hearing Officer. On October 10, 2011, the Hearing Officer issued deposition subpoenas to Michael Braun and John Shelley. On October 10, 2011, the Department filed its objection to the motion for recusal of the Hearing Officer. On October 19, 2011, the Geary Respondents filed their reply to the Department's objection to the recusal motion. On October 21, 2011, the Hearing Officer entered an order denying the Respondents'

motion for his recusal. On October 31, 2011, the Hearing Officer overruled the Department's objections to the Geary Respondents' outstanding discovery requests.

On November 1, 2011, the Department filed its motion for a summary decision against Norman Frager. On November 8, 2011, Norman Frager filed a motion for an extension of time in which to respond to the Department's motion. The motion was granted. The Geary Respondents filed motions for a preclusion order and an order striking certain of the Department's witnesses and exhibits. On November 21, 2011, the Department filed its objection and response to the Geary Respondents' motion for a preclusion order and an order striking certain of the Department's witnesses, i.e. the Bank of Union Directors, and an exhibit, the Bank of Union Directors' Affidavit. On November 28, 2011, the Department filed its objection and response to the Geary Respondents' motion for a preclusion order and an order striking the Headington Guaranty Agreement. On November 28, 2011, the Geary Respondents filed their reply to the Department's objection and response to the motion for a preclusion order and an order striking the Department's witnesses, the Bank of Union Directors, and the Bank of Union Directors' Affidavit.

On December 1, 2011, Norman Frager filed his response to the Department's motion for a summary decision. On December 7, 2011, the Department filed its reply to Respondent Frager's response. On December 9, 2011, the Geary Respondents filed their reply to the Department's response to the motion for a preclusion order and an order striking the Headington Guaranty Agreement. On December 21, 2011, the Geary Respondents filed a motion to bifurcate and stay the net capital claims. On December 23, 2011, the Department filed its motion for a summary decision against the Geary Respondents. On December 23, 2011, Respondent Frager filed a motion to bifurcate and stay the claims that are also being addressed by FINRA. On December 28, 2011, the Geary Respondents filed a motion for an extension of time in which to respond to the Department's motion for a summary decision. On December 28, 2011, the Hearing Officer filed an order granting the Geary Respondents' motion for extension of time. On December 28, 2011, Respondent Frager filed a motion for sanctions.

On January 3, 2012, the Department filed its objection to the Geary Respondents' motions to bifurcate and stay the net capital claims. On January 9, 2012, the Department filed its objection to Respondent Frager's motion for sanctions. On January 10, 2012, the Geary Respondents and Respondent Frager filed their joint reply to the Department's objection to the motions to bifurcate and stay the net capital claims and a request for hearing on all pending motions. On January 11, 2012, the Department filed its response to the Respondents' request for a hearing on pending motions. On January 12, 2012, Respondent Frager filed his reply to the Department's objection to his motion for sanctions. On January 13, 2012, Respondent Frager withdrew his motion for sanctions without prejudice. The Hearing Officer set a hearing date for all pending motions. On January 17, 2012, the Geary Respondents filed a supplement to their motion for a preclusion order and an order striking the Headington Guaranty Agreement. On January 23, 2012, the Department filed its response to the Geary Respondents' supplement to their motion for a preclusion order and an order striking the Headington Guaranty Agreement. On January 23, 2012, the Department filed its status report and proposed a hearing date. On

January 30, 2012, the Hearing Office entered an agreed order concerning a revised briefing schedule.

On February 1, 2012, the Hearing Officer issued orders denying the Geary Respondents' motion to bifurcate and stay the net capital claims and Respondent Frager's motion to bifurcate and stay the claims also being addressed by FINRA. On February 3, 2012, the Geary Respondents filed their objection and response to the Department's motion for a partial summary decision. On February 8, 2012, the Hearing Officer issued orders denying the Geary Respondents' motions for preclusion orders and orders striking the Headington Guaranty Agreement, the testimony of the Bank of Union Directors, and the Bank of Union Directors' Affidavit. On February 17, 2012, the Bank of Union filed a Motion to Intervene. On February 17, 2012, the Department filed its reply to the Geary Respondents' objection and response to the Department's motion for a partial summary decision. On February 21, 2012, the Geary Respondents' filed their response to Bank of Union's motion to intervene. On February 21, 2012, the Hearing Officer issued deposition subpoenas to David Tinsley, Earl Mills, Eldon Ventris, Jeff Wills, Ray Evans, and Steve Kotter. On February 21, 2012, the Hearing Officer entered an order scheduling a hearing on Bank of Union's motion to quash the deposition subpoenas. On February 23, 2012, the Hearing Officer denied Bank of Union's motion to intervene. On February 27, 2012, Respondent Frager filed a supplemental response to the Department's motion for a summary decision and a motion to dismiss all allegations relating to the May 2009 net capital violations.

On March 5, 2012, the Bank of Union Directors filed their brief in support of their motion to quash the subpoenas issued, or in the alternative, for a protective order limiting the scope of the subpoenas. On March 7, 2012, the Department filed its response thereto. On March 9, 2012, the Geary Respondents filed their response. On March 12, 2012, the Hearing Officer filed an order scheduling a hearing on the motion to quash and for a protective order. On March 13, 2012, the Bank of Union Directors filed their reply brief to further support their motion. On March 16, 2012, the Hearing Officer denied the Bank of Union Directors' motion to quash the deposition subpoenas and granted the motion for a protective order. On March 21, 2012, the Department filed a motion for a protective order removing certain materials from the public record. On March 26, 2012, the Hearing Officer filed an Agreed Protective Order. On March 30, 2012, the Department filed a second amended final witness list. On March 30, 2012, the Department filed its status report and proposed hearing dates. On March 30, 2012, the Respondents filed a joint response to the Department's status report and proposed hearing dates.

			FY-12		FY-11	
			Month	YTD	Month	YTD
	g. Appeals from Final Orders		0	0	0	0
	1. Securities Act		0	0	0	0
	2. Business Opportunity Sales Act		0	0	0	0
	h. Civil Penalties - Amounts Collected		$0	$19,824.44	$1,500	$291,039.17
	1. Securities Act		$0	$19,824.44	$1,500	$291,039.17
	2. Business Opportunity Sales Act		$0	$0	$0	$0
	i. Administrative Costs - Amounts Collected		$0	$1,000	$0	$0
	1. Securities Act		$0	$1,000	$0	$0
	2. Business Opportunity Sales Act		$0	$0	$0	$0
	j. Civil Enforcement Activities					
	1. Securities Act					
	i. Subpoenas Issued		0	0	2	32
	ii. Civil Petitions Filed		0	0	0	2
	iii. Civil Trials Held		0	0	0	0
	iv. Criminal Referrals		0	0	0	0
	v. Civil Appeals Filed		0	0	0	0
	vi. Administrative or other Court Appearances (including pleadings filed)		4	37	13	106
	2. Business Opportunity Sales Act					
	i. Subpoenas Issued		0	0	0	0
	ii. Civil Petitions Filed		0	0	0	0
	iii. Civil Trials Held		0	0	0	0
	iv. Criminal Referrals		0	0	0	0
	v. Civil Appeals Filed		0	0	0	0
	vi. Administrative or other Court Appearances (including pleadings filed)		0	0	0	0

Civil Actions

SUMMARY

U.S. Commodity Futures Trading Commission and the Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator v.
Prestige Ventures Corp., Federated Management Group, Inc., Kenneth Wayne Lee and Simon Yang *aka* Simon Chen, Defendants
Sheila M. Lee, David A. Lee and Darren Lee, Relief Defendants
Civil Case No. 09-CV-1284

During the month of November 2009, Plaintiffs filed their Complaint for Injunctive and other Equitable Relief and for Civil Penalties in the United States District Court Western District of Oklahoma, against the defendants for violations of the Commodity Exchange Act and Commission Regulations and Oklahoma Uniform Securities Act of 2004, in connection with soliciting and accepting at least $8.7 million from at least 140 members of the general public to participate in commodity pools for trading commodity futures contracts and other financial instruments, including stocks, stock options, and foreign currency. Plaintiffs filed their e*x parte* motion and brief for a statutory restraining order, appointment of a temporary receiver, expedited discovery, accounting, order to show cause regarding the preliminary injunction, and other equitable relief. The motion was granted. Entries of appearance were filed by Warren F. Bickford, as counsel for the Receiver, Stephen Moriarty; Stephen Moriarty, as the Receiver; Terra Bonnell and Patricia Labarthe, as counsel for the Department; and Katherine Driscoll, as counsel for the CFTC.

During the month of December 2009, the Receiver filed notices of pendency of action as to properties located at 1660 Jorrington Street, Mt. Pleasant, South Carolina and 1912 Northwest 176th Terrace, Edmond, Oklahoma. Judge David Russell entered a Consent Order of Preliminary Injunction and other Equitable Relief as to Defendants Kenneth Lee and Yang. Defendant Yang filed his answer to the Plaintiffs' Complaint.

During the month of January 2010, the Plaintiffs filed a Motion for Clerk's Entry of Default against Kenneth Lee. The Clerk entered a default against Kenneth Lee. The Receiver filed his initial report as to discovery of assets and analysis of potential investor claims.

During the month of March 2010, the Plaintiffs filed a motion to file their first amended complaint. The motion was granted. The Plaintiffs filed a motion to amend the *ex parte* statutory restraining order, appointment of a temporary receiver, expedited discovery, accounting, order to show cause regarding the preliminary injunction, and other equitable relief to cover Sheila Marjorie Lee, David Armstrong Lee, and Darren Alexander Lee (collectively, "Relief Defendants") as relief defendants. The motion was granted. The Plaintiffs filed a motion for an order finding Kenneth Lee, Simon Yang, David Lee and Darren Lee in contempt of the Court's order issued on December 12, 2009. The Plaintiffs filed their first amended complaint. The Defendants filed a motion to stay the receivership of any property owned by Kenneth Lee, Sheila Lee, Darren Lee and David Lee and to allow Kenneth Lee to trade for the account of investors for

purposes of repayment. The Plaintiffs filed their opposition to the Defendants' motion. Darren Lee filed his answer to the Plaintiffs' first amended complaint. Defendant Kenneth Lee and Relief Defendants David Lee, Sheila Lee and Darren Lee filed their responses to the order granting the Plaintiffs' motion to the *ex parte* statutory restraining order. Kenneth Lee filed his opposition to the Plaintiffs' objection to the Defendants' motion to stay the receivership. A hearing was set for the Plaintiffs' motion for contempt against Kenneth Lee, Simon Yang, David Lee and Darren Lee and the Defendant's motion to stay the receivership.

During the month of April 2010, the Plaintiffs filed their replies to Defendant Kenneth Lee's and Relief Defendants' responses to the order granting Plaintiffs' motion to the *ex parte* statutory restraining order. Darren Lee filed his answer to the Plaintiffs' motion to amend the *ex parte* statutory restraining order. The Plaintiffs filed their reply to Darren Lee's answer to amend the *ex parte* statutory restraining order. Responses to the amended complaint were filed by Defendant Kenneth Lee and Relief Defendants Sheila Lee and David Lee. Responses to Plaintiffs' motion for contempt against Kenneth Lee, Yang, David Lee and Darren Lee were filed by Defendant Kenneth Lee and Relief Defendants Darren Lee and David Lee. Relief Defendant Darren Lee filed his response to the Plaintiffs' objections and responses to Darren Lee's requests for documents. Requests for motion to stay the receivership were filed by the Relief Defendants. Darren Lee filed his response to the Plaintiffs' reply to his answer to the motion to amend to *ex parte* statutory restraining order.

During the month of May 2010, the Receiver filed a motion for an order requiring Kenneth Lee, Sheila Lee, Darren Lee and David Lee to provide proof of insurance, current payment of real estate taxes, and procedures to allow verification of the upkeep and maintenance of certain property. The Court denied the motions to stay the receivership filed by the Relief Defendants. Judge Russell issued an Order of Civil Contempt against Defendant Kenneth Wayne Lee and Relief Defendant David A. Lee. Kenneth Lee and David Lee filed their responses to the Receiver's motion for an order requiring proof of insurance, current payment of real estate taxes, and procedures to allow verification of the upkeep and maintenance of certain property. The Receiver filed his reply to Kenneth Lee's and David Lee's responses to the motion. Judge Russell declined the Receiver's motion. The Receiver filed his reports to purge the civil contempt against Kenneth Lee and David Lee.

During the month of June 2010, Relief Defendant Darren Lee filed a request for a motion of continuance. The motion was denied.

During the month of July 2010, the Plaintiffs filed a motion to strike, or in the alternative, dismiss Simon Yang's "Innocence of Charges and Compensation for Simon Yang." The motion was granted.

During the month of August 2010, Defendant Yang filed a proposal to trade commodities and other financial products in a "Test Trading Account" to be funded and controlled by Yang. In his proposal, Yang asserts that if Kenneth Lee makes monthly returns averaging 2.00% or higher during a six month trial period, Lee must be a "gifted trader" and must not have operated a Ponzi scheme. Yang proposes that in the event Lee makes such a return the Court dismiss the

lawsuit. Yang further proposed that the lawsuit resume if Lee makes less than a 1% average monthly return during the six month trial period because it will have been demonstrated that Lee is not a gifted trader. Yang believes it is the responsibility of Prestige Ventures and Ken Lee to return all investors' capitals to its clients. The Plaintiffs filed their response to Yang's proposal. James H. Holl filed his Entry of Appearance as counsel for the CFTC.

During the month of September 2010, the Plaintiffs filed a motion for summary judgment against Defendants Prestige Ventures Corp., Federated Management Group, Inc., Kenneth Wayne Lee and Simon Yang and Relief Defendants Sheila M. Lee, David A. Lee, and Darren Lee. Defendant Yang filed his response to Plaintiffs' objection to his proposal. Requests for damages were filed by Darren Lee and Simon Yang. Judge Russell issued an order denying Yang's proposal. Kevin S. Webb filed his Entry of Appearance as counsel for the CFTC. The Plaintiffs filed a motion to strike, or in the alternative, dismiss Yang's request for damages. The Plaintiffs filed their response and objection to Darren Lee's request for damages.

On October 26, 2010, the Plaintiffs filed motions in limine for 1) an order deeming admitted the Plaintiff Commission's First Set of Requests for Admissions, Interrogatories, and Document Requests to Defendant Kenneth Lee, and 2) an order to preclude Defendants and Relief Defendants from presenting witnesses and exhibits in their case in chief. On October 27, 2010, Judge Russell issued an Order granting the Plaintiffs' motion for summary judgment with regard to Defendants' liability and denied Defendants Darren Lee's and Simon Yang's requests for damages.

On November 1, 2010, the Department and the CFTC filed their final pretrial report. On the same date, Judge Russell entered an order approving the Plaintiffs' pretrial report. On November 3, 2010, Defendant Darren A. Lee filed a second request for a motion for continuance. On the same date, Judge Russell denied the motion. On November 18, 2010, the Department and the CFTC filed their Proposed Findings of Fact, Conclusions of Law, and Order. On November 29, 2010, Defendant Kenneth Lee and Relief Defendants Sheila Lee, David Lee and Darren Lee filed their response to Plaintiffs' proposed finding of facts and conclusions of law.

On November 29, 2010, Judge Russell issued an Order wherein the Receiver was authorized to take possession of, market and sell the Kenneth and Sheila Lee residence, the Darren Lee residence and a boat.

Judge Russell ordered Sheila Lee to disgorge the total sum of $711,845; Darren Lee to disgorge the total sum of $638,938; and David Lee to disgorge the total sum of $574,273. Prestige, Federated, and Kenneth Lee shall, jointly and severally, pay restitution totaling $5,857,503.00 (plus pre-judgment and post-judgment interest) to the Receiver for distribution to the Prestige Enterprise investors. Prestige and Federated shall, jointly and severally, pay a civil monetary penalty in the amount of $18.2 million to the Commission, plus post-judgment interest, within ten (15) days of the date of the entry of this Order. Should Defendants Prestige and Federated not satisfy their civil monetary penalty obligation within fifteen (15) days of the date of entry of this Order, post-judgment interest shall accrue on the obligation beginning on the date of

entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961.

Judge Russell ordered Kenneth Lee to pay a civil monetary penalty in the amount of $7.2 million to the Commission plus post-judgment interest, within fifteen (15) days of the date of the entry of this Order. Should Kenneth Lee not satisfy his civil monetary penalty obligation within fifteen (15) days of the date of entry of this Order, post-judgment interest shall accrue on the obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961.

Judge Russell ordered Simon Yang to pay restitution totaling $133,000 (plus pre-judgment and post-judgment interest) to the Receiver for distribution to the Prestige Enterprise investors. The amount to be paid to each investor shall be determined by the Court after recommendation by the Receiver. The Court did not impose a civil fine as to Defendant Yang but precluded him from making a claim for restitution or any return of funds or payment from Prestige, Federated, Kenneth Lee, the Receiver and/or the Receivership.

On December 8, 2010, Defendant Kenneth Lee and the Relief Defendants filed motions for reconsideration and relief from judgment. On December 9, 2010, Relief Defendant Sheila Lee filed a motion to release her bank accounts that were frozen in the SRO. On December 9, 2010, Defendant Kenneth Lee and the Relief Defendants filed their notices of appeal. On December 13, 2010, Defendant Kenneth Lee and the Relief Defendants filed their motions to stay execution of Judge Russell's Order filed on November 29, 2010. On December 17, 2010, Defendant Simon Yang filed his notice of appeal. On December 20, 2010, the Plaintiffs' filed their objections and responses to the motions for reconsideration and relief from judgment.

On January 3, 2011, Defendant Lee and the Relief Defendants filed applications to proceed in district court without prepaying fees or costs. On January 13, 2011, Judge Russell issued orders denying the applications; motions for reconsideration and relief from judgment; motions to stay execution of Order dated November 8, 2010; and denied Sheila Lee's motion to release her bank accounts that were frozen in the Statutory Restraining Order.

On February 23, 2011, the Receiver filed his report regarding his taking possession of 1660 Jorrington, Mt. Pleasant, SC and 2676 Palmetto Hall Boulevard, Mt. Pleasant, SC.

On April 14, 2011, the Receiver filed his report regarding the sale of 1660 Jorrington, Mt. Pleasant, SC. On April 15, 2011, the Receiver filed an application for compensation and reimbursement of expenses. On April 20, 2011, Relief Defendant Darren Lee filed a motion to divest the Receiver. On April 29, 2011, the Receiver filed his report regarding the sale of 2676 Palmetto Hall Boulevard, Mt. Pleasant, SC.

On May 6, 2011, the Receiver filed his response to Relief Defendant Darren Lee's motion to divest the Receiver. On May 10, 2011, the CFTC filed its notice for non-opposition to the Receiver's application for compensation and reimbursement of expenses. On May 10, 2011, Judge Russell entered an order denying Relief Defendant Darren Lee's motion to divest the

Receiver, and granted the Receiver's application for compensation and reimbursement of expenses.

On October 24, 2011, the Receiver filed his report regarding investor claims. On October 31, 2011, the Receiver filed an application with the Court seeking to establish a claims procedure for potential claimants and creditors.

On November 4, 2011, the Receiver filed a second application for compensation and reimbursement of expenses. On November 4, 2011, the CFTC filed its notice for non-opposition to the Receiver's second application for compensation and reimbursement of expenses. On November 21, 2011, the Department and the CFTC filed their notice for non-opposition to the Receiver's application for a claims procedure. On November 28, 2011, Judge Russell entered orders granting the Receiver's motions to establish a claims procedure, and for attorney fees.

During the month of December 2011, proofs of claim were filed by Hsi-Ling Huang, Qing Yang, Bihu Huang, Chi Ming Lee, Chi Ming Lee, Chi Ming Lee, Cherry To, Mark Li, Yi Xu, Yan Su, Yu-Chao Hsieh, Chuan Liu, Yongsheng He, Ning Hu, Jiaosheng Jiang, Haifeng Zhou, Huijie Cao, Yeen-Kuen Wu, Changjiang Zhu, Jundong Lan, and Lijuan Zhang. On December 15, 2011, the Receiver filed an Affidavit of Proof of Publication of the Notice to Creditors and Deadline to File Claims. On December 21, 2011, the United States Court of Appeals issued a mandate for this case. On December 27, 2011, the Receiver filed an Affidavit of Publication regarding orders granting the Receiver's motions to establish a claims procedure, and for attorney fees.

On January 26, 2012, Jundong Lan filed a supplement to his claim. On January 30, 2012, a proof of claim was filed by Van Thuan Nguyen.

On February 3, 2012, Van Thuan Nguyen filed an amended claim. During February, proofs of claim were filed by Bingguang Li, Dorothy Jyh-Fang Cheng, Yujun Liu, Mei Wu, Jinpeng Peng, Xiaomei Guo.

On March 26, 2012, the Receiver filed a motion for a proposed distribution and a request for hearing. On March 26, 2012, the Department and the CFTC filed notices of non-opposition to the Receiver's motion.

Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator v. Global West Funding, Ltd., Co., Global West Financial LLC, Sure Lock Financial, LLC, Sure Lock Loans LLC, The Wave-Goldmade Ltd., Brian McKye, Joe Don Johnson and James Farnham
Civil Case No. CJ-2009-2773

On March 24, 2009, the Department filed a Petition for Permanent Injunction and Other Equitable Relief in the District Court of Oklahoma County against the above-named Defendants (Global West Defendants) alleging violations of Sections 1-301, 1-402 and 1-501 of the Act. The Department also filed an Application for a Temporary Restraining Order, Order Freezing

Assets and Order for Accounting. On that date, Judge Noma D. Gurich issued a Temporary Restraining Order, Order Freezing Assets and Order for Accounting. On March 25, 2009, the Department filed a motion for the dissolution or modification of the temporary restraining order.

Judge Gurich granted the motion to modify the temporary restraining order. Judge Gurich entered an order appointing Stephen J. Moriarty as Special Master. On April 1, 2009, R. Scott Adams filed his entry of appearance as counsel for Joe Don Johnson and Heritage Estate Services, LLC (Heritage Defendants). On April 10, 2009, the Department filed an amendment to the Petition naming Heritage Estate Service LLC, Storybook Properties, LLC, Storybook Investments WA LLC, and Matthew G. Story as defendants. The Department also filed a Temporary Restraining Order, Order Freezing Assets and Order for Accounting as to the additional defendants. On April 17, 2009, Robert G. McCampbell and Kristin L. Huffaker of Crowe & Dunlevy filed their entries of appearance as counsel for Storybook Properties, LLC, Storybook Investments WA, LLC, and Matthew G. Story (Storybook Defendants). On April 21, 2009, Judge Noma D. Gurich issued a Temporary Restraining Order, Order Freezing Assets and Order for Accounting relating to the Storybook Defendants. On April 23, 2009, Judge Gurich issued an Order Modifying, in Part, Temporary Restraining Order, Order Freezing Assets and Order for Accounting and Appointing Special Master as to the Heritage Defendants.

On May 21, 2009, Judge Gurich granted the Special Master's motion for an order to approve bidding procedures for the sale of certain assets and to schedule a hearing for the approval of the sale of such assets. On May 22, 2009, Judge Gurich entered an order establishing a deadline for filing written objections to the sale of assets.

On June 5, 2009, the Department filed a Motion for Default Judgment against Heritage Estate Services, LLC, Joe Don Johnson and James Farnham. On June 12, 2009, Judge Gurich granted the Special Master's motion for an order establishing procedures for the sale of certain property.

On July 2, 2009, the Department filed a Motion for Default Judgment against Defendants Global West Funding, Ltd., Co., Global West Financial LLC, Sure Lock Financial, LLC, Sure Lock Loans LLC and the Wave-Goldmade Ltd. On July 13, 2009, a hearing was held on motions filed by the Department for a default judgment against Defendant Farnham. Judge Gurich granted the motion. On July 14, 2009, Judge Gurich granted the Special Master's motion to accept the bid of Your Credit, Inc. and set a closing date for the sale of the Sure Lock Assets and the Heritage Assets to Your Credit, Inc.

On August 14, 2009, a default judgment was issued against Defendants Global West Funding, Ltd., Co., Global West Financial LLC, Sure Lock Financial, LLC, Sure Lock Loans LLC and the Wave-Goldmade Ltd.

On September 3, 2009, the Special Master filed his report regarding the sale of loans to Your Credit, Inc. On September 18, 2009, the Special Master filed a motion for an order to grant authority to sell a trailer.

On October 5, 2009, Judge Gurich granted the Special Master's motion for authorization to sell certain property.

On November 3, 2009, Defendants Heritage Estate Service LLC and Joe Don Johnson submitted a Stipulation and Consent to the Department wherein Defendants consented to the entry of a final judgment and permanent injunction and waived any right to appeal the order. On November 3, 2009, Judge Gurich issued a Final Order, Judgment and Permanent Injunction against Defendants Heritage Estate Service LLC and Joe Don Johnson. On November 9, 2009, the Department filed a Motion for Summary Judgment against Defendant McKye. On November 16, 2009, the Special Master filed an application for compensation and reimbursement of expenses.

On January 7, 2010, Judge Gurich issued a Permanent Injunction and Order of Restitution against Brian McKye.

On June 23, 2010, the Department filed a motion to establish the amount of restitution payable to investors by Defendants.

On August 2, 2010, the Special Master filed a Motion for an Order to Establish Procedures for the Sale of Certain Real Property. On August 24, 2010, the Special Master filed his second report with the Court. On August 26, 2010, Judge Gurich entered an Agreed Order of Restitution wherein Joe Don Johnson agreed to pay restitution in the amount of $500,000.

On September 9, 2010, Judge Gurich entered an order establishing the amount of restitution payable to investors by Defendants.

On October 7, 2010, Judge Gurich granted the Receiver's motion for an order to approve the contract for the sale of property at 2308 South Air Depot Boulevard in Midwest City, and for authority to close the sale of the property.

On December 2, 2010, the Department filed a Statement of Judgment as to real property located in Camelot Estates, an addition in Oklahoma City, Oklahoma, and any other real property currently owned or subsequently owned by Joe Don Johnson. On December 17, 2010, the Department filed an Application for Citation of Contempt against Joe Don Johnson.

On May 19, 2011, the Special Master filed an application for the Court to establish a claims procedure for potential claimants and creditors, and also filed a report. The Special Master's application to establish a claims procedure was granted.

On July 1, 2011, the Special Master filed his report for July 1, 2010 through May 31, 2011. On July 18, 2011, Judge Davis found Defendant Johnson guilty of indirect criminal contempt for failure to comply with the Permanent Injunction and Restitution Order and sentenced Johnson to 6 months confinement in the Oklahoma County jail and payment of a $500 fine.

On September 13, 2011, the Special Master filed a motion seeking court approval of a proposed distribution. A hearing date was set.

On October 17, 2011, the Special Master filed his final application for compensation and reimbursement of expenses. On October 21, 2011, the Special Master's Motion for Proposed Distribution was granted.

On December 1, 2011, Judge Davis issued an order approving the Special Master's final application for compensation and reimbursement of expenses.

On March 27, 2012, the Department filed a Motion to Dismiss and to Discharge the Special Master. On March 27, 2012, the Special Master filed a motion for an order requiring Bank of Oklahoma to turn over the balance in the Processmart Payment Systems, Ltd. Co. account to the Special Master.

Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator v. Edward Alan Haines, Defendant, and Sharon Kay Haines, Relief Defendant
Case No. CJ-2010-8906

On October 29, 2010, the Department filed a Petition for Permanent Injunction and other Equitable Relief in the District Court of Oklahoma County against Edward Alan Haines and Sharon Kay Haines alleging violations of Sections 1-301 and 1-501 of the Act.

On November 30, 2010, Kenneth M. Smith filed his Entry of Appearance as counsel for Defendant Edward Alan Haines and Relief Defendant Sharon Kay Haines.

On January 5, 2011, Edward Alan Haines and Sharon Kay Haines filed their answers to the Department's Petition.

On October 21, 2011, Robert Fagnant filed his entry of appearance, as counsel for the Department, and a motion to enter. A hearing was set on the motion.

On November 10, 2011, a scheduling order was filed.

On December 14, 2011, the Department issued discovery requests to Defendant Edward Alan Haines and Relief Defendant Sharon Kay Haines.

On January 25, 2012, Kenneth M. Smith filed a motion to withdraw as attorney for Defendant Edward Alan Haines and Relief Defendant Sharon Kay Haines, based on his clients' lack of cooperation in responding to the Department's discovery requests.

On March 2, 2012, the Department issued its preliminary list of witnesses and exhibits. On March 2, 2012, the Department filed a Motion for Summary Judgment. On March 26, 2012, Defendant Edward Alan Haines and Relief Defendant Sharon Kay Haines submitted a Stipulation and Consent to the Department wherein Defendants consented to the entry of a final

judgment and permanent injunction and waived any right to appeal the order. On March 28, 2012, Judge Lisa Davis issued a Final Order, Judgment and Permanent Injunction against Defendants.

			FY-12		FY-11	
			Month	**YTD**	**Month**	**YTD**
	k. Miscellaneous Activities					
	1. Public Information/Press Releases (copy attached)		0	0	0	0
	2. Trainings/Seminars Attended		0	6	0	22
	3. Coordinated Activities		0	0	0	0
III.	**Inquiries and Complaints**					
	a. Inquiries		4	48	4	34
	b. Referrals from Other Oklahoma Agencies		0	7	0	0
	c. Referrals from Out of State Agencies		0	4	0	2