

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: January 8, 2013

Re: ENFORCEMENT REPORT

Attached is the report of the enforcement activities of the Department for the months of November and December, 2012.

Attachment

h/home/londonb/EnforcementReports/12_Enf-Reports_Nov-Dec-2012.doc

**OKLAHOMA DEPARTMENT OF SECURITIES
ENFORCEMENT ACTIVITIES
NOVEMBER and DECEMBER 2012**

		FY-13	FY-12
		YTD	YTD
I.	Enforcement Files		
	a. Enforcement Files Opened during the reporting period	39	46
	1. Securities Act	36	39
	2. Business Opportunity Sales Act	2	5
	3. Other	1	2
	b. Enforcement Files Closed during the reporting period	45	31
	c. Active Enforcement Files	245	249
II.	Actions Taken during the reporting period		
	a. Orders Initiating Investigation	2	0
	1. Securities Act	2	0
	2. Business Opportunity Sales Act	0	0
	b. Summary Orders	0	0
	1. Securities Act	0	0
	2. Business Opportunity Sales Act	0	0
	c. Notices of Opportunity for Hearing Served	4	3
	1. Securities Act-Notices	4	3
	i. Hearing Set	0	0
	ii. Hearings Held	0	0
	2. Business Opportunity Sales Act Notices	0	0
	i. Hearing Set	0	0
	ii. Hearings Held	0	0

		FY-13	FY-12
		YTD	YTD
d. Other Orders		20	11
1. Securities Act		20	11
2. Business Opportunity Sales Act		0	0
e. Public Undertakings/Agreements		9	7
1. Securities Act		9	7
2. Business Opportunity Sales Act		0	0
f. Confidential Settlement Agreements		0	0
1. Securities Act		0	0
2. Business Opportunity Sales Act		0	0
g. Letters of Caution		3	0
1. Securities Act		3	0
2. Business Opportunity Sales Act		0	0
g. Appeals from Final Orders		2	0
1. Securities Act		2	0
2. Business Opportunity Sales Act		0	0
h. Civil Penalties - Amounts Collected		\$32,413.49	\$19,074.44
1. Securities Act		\$32,413.49	\$19,074.44
2. Business Opportunity Sales Act		\$0	\$0
i. Administrative Costs - Amounts Collected		\$0	\$0
1. Securities Act		\$0	\$0
2. Business Opportunity Sales Act		\$0	\$0

		FY-13	FY-12
		YTD	YTD
	j. Civil Enforcement Activities		
	1. Securities Act		
	i. Subpoenas Issued	0	0
	ii. Civil Petitions Filed	1	0
	iii. Civil Trials Held	0	0
	iv. Criminal Referrals	1	0
	v. Civil Appeals Filed	0	0
	vi. Administrative or other Court Appearances (including pleadings filed)	2	23
	2. Business Opportunity Sales Act		
	i. Subpoenas Issued	0	0
	ii. Civil Petitions Filed	0	0
	iii. Civil Trials Held	0	0
	iv. Criminal Referrals	0	0
	v. Civil Appeals Filed	0	0
	vi. Administrative or other Court Appearances (including pleadings filed)	0	0
	k. Miscellaneous Activities		
	1. Public Information/Press Releases (copy attached)	0	0
	2. Trainings/Seminars Attended	16	6
	3. Coordinated Activities	0	0
	III. Inquiries and Complaints		
	a. Inquiries	32	27
	b. Referrals from Other Oklahoma Agencies	4	0
	c. Referrals from Out of State Agencies	6	2

Administrative Actions

SUMMARY

In the Matter of: Matthew Lynn Dyer
ODS File No. 10-085

On October 31, 2012, the Administrator of the Department issued a notice of opportunity for hearing on an Enforcement Division Recommendation (Recommendation) against Matthew Lynn Dyer (Dyer) of Tulsa, Oklahoma. The Recommendation alleged Dyer engaged in unethical practices in violation of 660:11-5-42 of the Rules while acting as a registered agent and/or investment adviser representative. Specifically, Dyer is alleged to have made improper use of a customer's funds and to have failed to disclose his outside business activities. It was recommended that the Administrator issue an order barring Dyer from future registration under the Act in any capacity, barring Dyer from association with a broker-dealer or investment adviser in any capacity, imposing a civil penalty in the amount of \$10,000 and/or imposing such other sanctions as appropriate and authorized by law.

Dyer did not request a hearing. On November 20, 2012, the Administrator issued an order barring Dyer from registration under the Act in any capacity and from association with a broker-dealer and/or investment adviser in any capacity.

In the Matter of: Maxim Global Republic, LLC, MGR Forex Fund, and
Christian G. Alvarado
ODS File No. 12-090

On October 30, 2012, the Administrator issued an order to cease and desist, and a notice of opportunity for hearing, to Respondents. Respondents Maxim Global Republic, LLC and MGR Forex Fund maintain business addresses in New York. Alvarados is a resident of Florida. Respondents were ordered to cease and desist from engaging in acts, practices or a course of business constituting violations of the Act. Respondents made numerous cold-calls to at least one Oklahoma resident to offer an investment opportunity involving the trading in currency on foreign exchanges (Investment Opportunity). The Investment Opportunity was not registered under the Act and no filing to claim an exemption from registration was filed under the Act.

Respondents did not request a hearing. On December 18, 2012, the Administrator issued a final cease and desist order against Respondents.

In the Matter of: Portison Energy, Inc. and Robbie Harrison
ODS File No. 12-083

On November 5, 2012, the Administrator issued an order to cease and desist, and a notice of opportunity for hearing, to Respondents. Respondents Portison Energy, Inc. and Robbie Harrison maintain business addresses in Lawton, Oklahoma. Respondents were ordered to cease and desist from engaging in acts, practices or a course of business constituting violations of the

Act. Respondents advertised an energy investment online using Craigslist. Respondents offered interests in a joint venture to be called "PEI Feedstock JV" (Joint Venture). The invested funds were to be used "to purchase feedstock that [would] be refined and resold daily for 8 consecutive weeks." Respondents represented to investors that an investment of \$1,000 in the Joint Venture would return 500% within 60 days. Respondents also represented to investors that an investment of \$20,000 in the Joint Venture would return 100% quarterly. Respondents sold interests in the Joint Venture to at least three individuals in April 2012. The sales proceeds totaled Nine Thousand Seven Hundred and Fifty-Five Dollars (\$9,755). These funds were deposited into a bank account opened in April 2012 that was controlled by Harrison's wife, who immediately withdrew the investment funds from the bank and closed the account. Respondents provided fictitious accounting statements to the investors showing purported returns earned on their investments. Portison has not provided any return of principal or any investment returns to the investors. The interests in the Joint Venture were not registered under the Act and no filing to claim an exemption from registration was filed under the Act.

Respondents did not request a hearing. On December 19, 2012, the Administrator issued a final cease and desist order against Respondents.

In the Matter of: E*Trade Securities, LLC
ODS File No. 12-065

On December 21, 2012, the Administrator of the Department issued a Consent Order (Order) against E*Trade Securities, LLC ("E*Trade") in connection with its offers and sales of auction rate securities in the state of Oklahoma. E*Trade agreed to pay the sum of \$29,913.49 to the Department's Investor Education Revolving Fund.

In the Matter of: Maverick Energy Group, Ltd.
ODS File No. 12-041

The British Columbia Securities Commission referred information to the Department indicating that Maverick Energy Group, Ltd. (Maverick), of Tulsa, Oklahoma, may be offering and/or selling securities in the nature of oil and gas interests in and/or from the state. The matter was closed on December 7, 2012, with an Undertaking signed by Richard Bedner, President of Maverick, stating that Maverick understands and undertakes to fully comply with all provisions of the Oklahoma Uniform Securities Act of 2004 and with the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities.

Civil Actions

SUMMARY

**Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator v.
David Warren Harris
Civil Case No. CJ-2012-2604**

In May of 2012, the Department filed an action in Oklahoma County District Court seeking to enjoin David Harris 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 or otherwise offering and/or selling securities in and/or from the state of Oklahoma. The action is based on the offer and sale of securities in the nature of working interests in oil and gas wells of a Texas entity. The Department's allegations are that Harris offered and sold unregistered securities and acted as an unregistered issuer agent.

On December 27, 2012, Harris filed a motion to dismiss the action for lack of jurisdiction. A hearing date was set.

**Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator v.
2001 Trinity Fund, L.L.C. and Robert Arrowood
Civil Case No. CJ-2012-6164**

On October 10, 2012, the Department filed a Petition for Permanent Injunction and Other Equitable Relief in the District Court of Oklahoma County against 2001 Trinity Fund, L.L.C. (2001 Trinity Fund) and Robert Arrowood (Arrowood) of Norman, alleging violations of Sections 1-301, 1-402 and 1-501 of the Act, in connection with the offer and sale of promissory notes to investors. Investor proceeds totaling over \$450,000 were to be used to buy oil and gas leases for eventual resale. The proceeds were not used as represented. On October 23, L. Win Holbrook, bankruptcy trustee, filed his entry of appearance as counsel for Defendant 2001 Trinity Fund and requested an extension of time to file an answer.

During November 2012, answers to the Department's petition were filed by the Defendants. On November 20, the Department received discovery requests from Defendant Arrowood.

**Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator v.
RAF Operating, LLC *aka* Big Oil, LLC
Civil Case No. CV-2012-2629**

On October 22, 2012, the Administrator issued a subpoena duces tecum to Big Oil, LLC, now known as RAF Operating LLC, in connection with ODS File No. 12-067. Service of the subpoena was effected but no response was received. On November 27, 2012, the Department filed an application in the District Court of Oklahoma County against RAF Operating, LLC for an order to enforce the administrative subpoena.

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