

IN THE SUPREME COURT OF THE STATE OF OKLAHOMA

OKLAHOMA DEPARTMENT OF SECURITIES)
Ex rel. IRVING L. FAUGHT, Administrator,)
and DOUGLAS L. JACKSON, in his capacity as)
the court appointed receiver for the investors and)
creditors of Schubert & Assoc. and for the assets)
of Marsha Schubert, individually, and doing)
business as Schubert & Associates, and for)
Schubert & Associates,)

Plaintiffs/Appellees,)

v.)

ROBERT W. MATHEWS, et al.,)

Defendants,)

KENNETH YOUNG, LESLIE YOUNG,)
K.R. LARUE, DANA LARUE, SCOTT WILCOX,)
SHERYL MERCER, RODNEY MARTIN,)
WANDA MARTIN, RAYMOND LAUBACH)
DAN JACKSON, CRYSTAL JACKSON,)

Defendants/Appellants.)

FILED
SUPREME COURT
STATE OF OKLAHOMA

JAN 19 2007

MICHAEL S. RICHIE
CLERK

Case No. CJ-2005-3796
Consolidated with
Case No. CJ-2005-3299

Supreme Court No. 104161

RESPONSE TO PETITION IN ERROR

Is appellee willing to participate in an attempted settlement of the appeal by predecisional conference under Rule 1.250?

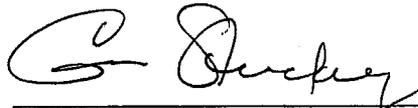
_____ YES X NO

Attached as exhibit "A" is appellee, Oklahoma Department of Securities', statement of the case.

Appellee, Oklahoma Department of Securities, is filing no supplement to the record on accelerated appeal. See Rule 1.36.

DATE: January 19, 2007

Verified by:



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EXHIBIT "A" – APPELLEE'S STATEMENT OF THE CASE

Marsha Schubert *dba* Schubert and Associates (Schubert) accepted money from various individuals, and instead of investing the monies as promised, operated a classic "Ponzi" scheme in violation of state and federal laws. The Logan County District Court, on petition of the Appellee, Oklahoma Department of Securities, *inter alia*, permanently enjoined Schubert from selling securities in Oklahoma and ordered Schubert to disgorge the proceeds of her fraudulent activity. The United States of America sentenced Schubert to a 10 year prison term. The State of Oklahoma sentenced her to a 25 year prison term.

Schubert commingled money received from participants in the Ponzi scheme and other sources in multiple bank accounts (Commingled Funds). Appellees received proceeds of Schubert's underlying securities fraud for which they gave no consideration. Appellants gave no money, yet still received proceeds of the scheme at the expense of other participants who received less than they put into the Ponzi scheme. Appellees sought and the court properly granted summary judgment against Appellants on claims of unjust enrichment.

Appellants contend they had a good faith belief that they were entitled to the money they received from the Commingled Funds. However, neither the Appellants' state of mind nor actual knowledge of the fraudulent scheme is relevant. Appellants also contend that they gave consideration for their returns because they made investments in brokerage accounts for which Schubert was their registered agent. However, Appellees are seeking only money that was derived from the fruits of the underlying Ponzi scheme that Schubert operated independently of her affiliation as a registered agent of a registered broker-dealer.

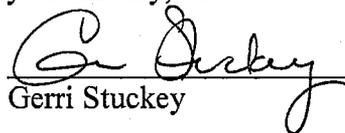
CERTIFICATE OF MAILING

I certify that a true and correct copy of the Oklahoma Department of Securities' Response to the Petition in Error was mailed this 19th day of January, 2007, by depositing it in the U.S. Mails, postage prepaid, to:

G. David Bryant, OBA #01264
Lisa Mueggenborg, OBA #18595
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I further certify that a copy of the Response to Petition in Error was filed in the Office of the Oklahoma County District Court Clerk on this 19th day of January, 2007.


Gerri Stuckey