

IN THE DISTRICT COURT OF OKLAHOMA COUNTY FILED IN THE DISTRICT COURT  
STATE OF OKLAHOMA OKLAHOMA COUNTY, OKLA.

JUN 28 2007

Oklahoma Department of Securities )  
*ex rel.* Irving L. Faught, )  
 Administrator, )  
 )  
   Plaintiff, )  
 )  
 v. )  
 )  
 American Liberty Insurance & Financial )  
 Services, an unincorporated entity; )  
 LightHouse Marketing Incorporated, )  
 an Oklahoma corporation; and Travis Ray )  
 Winnett, an individual, )  
 )  
   Defendants. )

PATRICIA PRESLEY, COURT CLERK  
 by \_\_\_\_\_  
   DEPUTY

Case No.

CJ-2007-5605

**APPLICATION FOR TEMPORARY RESTRAINING ORDER,  
ORDER FREEZING ASSETS AND ORDER FOR ACCOUNTING**

The Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator (“Department”), respectfully submits this application for a temporary restraining order against Defendants American Liberty Insurance & Financial Services; LightHouse Marketing Incorporated; and Travis Ray Winnett (“Defendants”); an order freezing the assets of Defendants; and an order for an accounting by Defendants, pursuant to the Oklahoma Uniform Securities Act of 2004 (the “Act”), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003). The Department petitions this Court to halt further violations of the Act, to protect the rights of the Department in its obligation to safeguard the public interest, to prevent any dissipation or loss of investor funds and property, and to remedy actions that Defendants have already committed.

The Department moves this Court to issue *instanter* a temporary restraining order, an order freezing assets, and an order for an accounting by Defendants, until the Court may afford

the parties a hearing, and additionally moves for the entry of a temporary injunction at such hearing against Defendants. The entry of such orders are necessary for the reasons set forth below, to preserve the *status quo* and to protect the Department's rights in enforcing the Act.

### **I. THE DEFENDANTS**

American Liberty Insurance & Financial Services ("ALF") is an unincorporated entity, with its principal place of business purportedly in Tulsa, Oklahoma. At all times material hereto, ALF issued, offered and/or sold securities in and/or from Oklahoma as described herein.

LightHouse Marketing, Inc. ("LightHouse Marketing") is an Oklahoma corporation, with a business address in Catoosa, Oklahoma. At all times material hereto, LightHouse Marketing issued, offered and/or sold securities in and/or from Oklahoma as described herein.

Travis Winnett ("Winnett"), an individual and Oklahoma resident, is the registered agent of LightHouse Marketing and controls all acts of ALF. At all times material hereto, Winnett offered and/or sold securities in and/or from Oklahoma as described herein.

### **II. NATURE OF THE CASE**

Beginning in or about November, 2006, and continuing to the present, Defendants have engaged in the issuance, offer and/or sale of securities in and/or from the state of Oklahoma to investors ("Investors"), in the nature of loan financing savings plans ("Savings Plans"). Defendants falsely represent that the Savings Plans are offered in cooperation with RCB Bank located in Claremore, Oklahoma, with a branch operating in Catoosa, Oklahoma.

ALF offers two Savings Plans that purportedly place Investor funds in an FDIC-insured savings account at RCB Bank. Investors sign a contract ("Contract") provided by ALF that allows them to choose between an 8% simple annual interest savings plan for each of five (5)

years ("5 X 8 Plan") or a 10% simple annual interest savings plan for each of six (6) years ("6 X 10 Plan").

In connection with the 5 X 8 Plan, Investors may elect to receive monthly, quarterly, semi-annually, year-end or no interest distributions. The 6 X 10 Plan offers a 15% "end-of-contract bonus" with a \$25,000 minimum initial deposit or a "30% end-of-contract bonus" with a \$50,000 or more initial deposit. Defendants represent in the Contract that Investors' "funds are FDIC-insured to \$100,000 in accordance with standard FDIC terms."

Investor funds totaling in excess of \$800,000 have been deposited into a non-interest bearing account at RCB Bank controlled by Defendant Winnett. Defendants have not invested the Investor funds. Defendants have spent the amounts deposited by Investors primarily for the payment of personal expenses of the Defendants.

### **III. VIOLATIONS OF THE ACT**

#### **A. Violation of Section 1-301 of the Act: Offer and/or Sale of Unregistered Securities**

The Savings Plans are securities as defined by Section 1-102 of the Act.

The securities offered and sold by Defendants are not and have not been registered under the Act nor have the securities been offered or sold pursuant to an exemption from registration under Sections 1-201 through 1-203 of the Act.

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

#### **B. Violation of Section 1-402 of the Act: Failure to Register as Agents and Employing Unregistered Agents**

ALF is an issuer as defined in Section 1-102 of the Act.

Defendant Winnett is not registered under the Act as an agent under Section 1-402 of the Act. Defendant Winnett, by virtue of his efforts and activities in transacting business in this state, is an agent, as defined in Section 1-102 of the Act. Defendant Winnett transacted and is transacting business in this state as an agent without benefit of registration under the Act.

ALF employed at least one unregistered agent.

By reason of the foregoing, Defendants have violated, are violating, and unless enjoined, will continue to violate Section 1-402 of the Act.

**C. Violation of Section 1-501 of the Act:  
Untrue Statements of Material Fact and Omissions of Material Fact  
in Connection with the Offer, Sale or Purchase of Securities**

Defendants, in connection with the offer and/or sale of securities, directly and indirectly, made, and are making, untrue statements of material fact including, but not limited to the following matters:

- a. that Defendants provide two loan financing savings plans in cooperation with RCB Bank when, in fact, RCB Bank is not working in cooperation with the Defendants, and
- b. Defendants have not invested the Investors' funds in any manner to generate the promised returns.

Defendants, in connection with the offer and/or sale of securities, directly and indirectly, omitted and are omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were and are made, not misleading, including, but not limited to, the following matters:

- a. any general or specific risk factors associated with the Savings Plans;
- b. that the Savings Plans are securities under the Act;
- c. that the Savings Plans have not been and are not registered under the Act;
- d. that the individuals who offer and sell the Savings Plans were not and are not registered under the Act;

- e. that the Defendants are unable to pay the promised returns; and
- f. that Defendants would use Investor funds for the payment of personal expenses of the Defendants.

By reason of the foregoing, Defendants, directly and indirectly, have violated, are violating, and unless enjoined, will continue to violate Section 1-501 of the Act.

**D. Violation of Section 1-501 of the Act:  
Engaging in any Act, Practice, or Course of Business that Operates  
or Would Operate as a Fraud or Deceit upon any Person**

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

By reason of the foregoing, Defendants, directly and indirectly, have violated, are violating, and unless enjoined, will continue to violate Section 1-501 of the Act.

**IV. NEED FOR TEMPORARY RESTRAINING ORDER, ASSET FREEZE,  
ACCOUNTING AND TEMPORARY INJUNCTION**

**A. Temporary Restraining Order**

Section 1-603 of the Act provides:

A. If the Administrator believes that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice or that a person has, is, or is about to engage in an act, practice, or course of business that materially aids a violation of this act or a rule adopted or order issued under this act or a dishonest or unethical practice, the Administrator may, prior to, concurrently with, or subsequent to an administrative proceeding, maintain an action in the district court of Oklahoma County or the district court of any other county where service can be obtained to enjoin the act, practice, or course of business and to enforce compliance with this act or a rule adopted or order issued under this act.

B. In an action under this section and on a proper showing, the court may:

1. Issue a permanent or temporary injunction, restraining order, or declaratory judgment;

2. Order other appropriate or ancillary relief, which may include:

a. an asset freeze, accounting, writ of attachment, writ of general or specific execution, and appointment of a receiver or conservator, that may be the Administrator, for the defendant or the defendant's assets,

b. ordering the Administrator to take charge and control of a defendant's property, including investment accounts and accounts in a depository institution, rents, and profits; to collect debts; and to acquire and dispose of property,

c. imposing a civil penalty up to a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or up to Two Hundred Fifty Thousand Dollars (\$250,000.00) for more than one violation; an order of rescission, restitution, or disgorgement directed to a person that has engaged in an act, practice, or course of business constituting a violation of this act or the predecessor act or a rule adopted or order issued under this act or the predecessor act, and

d. ordering the payment of prejudgment and postjudgment interest; or

3. Order such other relief as the court considers appropriate.

A temporary restraining order has the object of preserving the *status quo*, in order to prevent irreparable injury, until such time as the Court may determine Plaintiff's application for temporary injunction. *Granny Goose Foods, Inc. v. Brotherhood of Teamsters*, 415 U.S. 423, 439, 94 S.Ct. 1113, 1124 (1974); *Morse v. Earnest, Inc.*, 547 P.2d 955 (Okla. 1976). Issuing a temporary restraining order is in the public interest when the failure to grant the relief would allow dishonest businesses and individuals to take advantage of vulnerable investors. The protection of the public interest is paramount in this matter.

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 numerous Investors. A danger exists that the money received from the Investors and/or held by Defendants will be lost, removed or transferred. A temporary restraining order to issue *instanter* against Defendants is necessary to preserve these funds, securities, and the records relating thereto, and to prevent further violations of the Act.

In addition, no injury will befall Defendants by granting such relief since Defendants have no right to act in the state of Oklahoma in violation of the Act, to include engaging in fraudulent conduct in connection with securities activities. The interference with Defendants' rights by granting the temporary restraining order will be minimal, if any, while protecting the public from immediate and irreparable injury or loss.

#### **B. Asset Freeze and Accounting**

Section 1-603 of the Act specifically grants this Court the power to fashion appropriate equitable relief to provide effective enforcement of the Act. Once the equity powers of the court are invoked, the court possesses the power to fashion appropriate interim remedies. *SEC v. Manor Nursing Centers*, 458 F. 2d 1082, 1103 (2<sup>nd</sup> Cir. 1972). Within this power is the authority to grant effective equitable relief by temporarily freezing specific assets. *SEC v. General Refractories Co.*, 400 F.Supp. 1248, 1259 (D.D.C. 1975); *SEC v. International Swiss Investments Corp.*, 895 F.2d 1272, 1276 (9<sup>th</sup> Cir. 1990); *SEC v. Manor Nursing Centers*, 458 F.2d at 1105-06. Within the equity power of the court is the authority to order an accounting by the Defendants. *SEC v. R.J. Allen & Associates*, 386 F. Supp. 866, 880 (S.D.N.Y. 1974); *SEC v. Manor Nursing Centers, supra* at 1103-1104.

Defendants make use of untrue statements of material fact and omit to state material facts as alleged in Plaintiff's verified petition, in violation of Section 1-501 of the Act. The whereabouts of all of the money raised by Defendants through violations of the Act is not known at this time. These circumstances make it necessary that the court freeze specific assets to preserve the status quo by preventing the dissipation of assets and to account for the money raised through violations of the Act so as to protect Investors and to provide effective relief.

### C. Temporary Injunction

Once the plaintiff has shown the Defendants' past conduct is in violation of the Act, the proper test for the issuance of a statutory injunction is whether there is a reasonable expectation of future violations by Defendants. *SEC v. Manor Nursing Centers, Inc., supra; SEC v. Culpepper, 270 F.2d 241, 249 (2d Cir. 1959)*. In considering this issue, past illegal conduct is strong support for the likelihood of future violations. *Oklahoma Securities Commission v. CFR International, Inc., supra*. Here, the Defendants have violated the Act which creates a presumption of likelihood of future violations. Because the Plaintiff has conclusively demonstrated the existence of past violations, injunctive relief is appropriate and the burden of showing there is no reasonable expectation of future violations will shift to the Defendants and their burden "is a heavy one." *SEC v. Culpepper, supra; Oklahoma Securities Commission v. CFR International, Inc., supra*.

Unlike private actions for injunctions, the Department's action is based on statute and no showing of irreparable injury or the inadequacy of other remedies is required. *Oklahoma Securities Commission v. CFR International, Inc., 622 P.2d 293, 295 (Okla. Ct. App. 1980)* (citing *Bradford v. SEC, 278 F.2d 566 (9<sup>th</sup> Cir. 1960)*). Although not required, the Department

has also shown that the public will suffer irreparable injury if Defendants are not enjoined from further violations of the Act.

#### **D. An Ex Parte Order Should be Issued**

While courts have been cautious with the use of ex parte orders, they are approved in appropriate cases. *Covington, Knox Inc. v. Texas*, 577 S.W. 2d 323 (Tex. App. Houston [14<sup>th</sup> Dist.] 1979, no writ). The Department alleges facts that demonstrate a strong likelihood of ongoing violations of the Act by Defendants.

In addition, there is a great risk that Defendants will take measures to dissipate assets if provided notice of this action before a temporary restraining order is issued and assets are frozen. Providing notice of this action to Defendants could lead to loss of Investor funds, and consequently cause irreparable injury to the Department's ability to safeguard the public interest by *inter alia* providing monetary redress. The issuance of a temporary restraining order *instanter*, an asset freeze, and an order for an accounting by the Defendants will help maximize the relief to Investors and protection of the public interest.

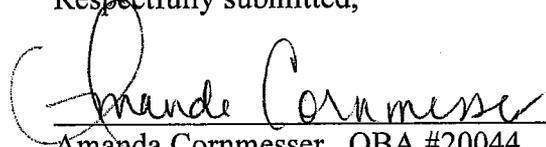
#### **V. Conclusion**

The Department, pursuant to Section 1-602 of the Act, conducted an investigation into Defendants' activities in and/or from the state of Oklahoma. The investigation produced evidence that clearly indicates Defendants have issued, offered and/or sold unregistered securities in and/or from this state. Such activity is continuing. The investigation also revealed that Defendants, in connection with the offer, sale and/or purchase of securities: (1) made, and are making, untrue statements of material fact; (2) omitted, and are omitting, to state certain material facts; and (3) engaged, and are engaging, in a course of business that has operated as a fraud or deceit upon other persons. Defendants have engaged and are engaging in substantial

violations of the Act, including fraudulent practices. The Department submits that the evidence firmly establishes a *prima facie* case for the issuance of a temporary restraining order, an asset freeze, an accounting, and a temporary injunction.

In light of the facts presented and the authorities cited, the Department respectfully requests that this Court issue an order freezing assets of Defendants, an order for an accounting, and a temporary restraining order, until such time as the Court may afford the parties a hearing on the Plaintiff's motion for temporary injunction, all to halt Defendants' unlawful practices and to provide effective relief to Investors and to the Department.

Respectfully submitted,



A handwritten signature in cursive script that reads "Amanda Cornmesser". The signature is written over a horizontal line.

Amanda Cornmesser, OBA #20044  
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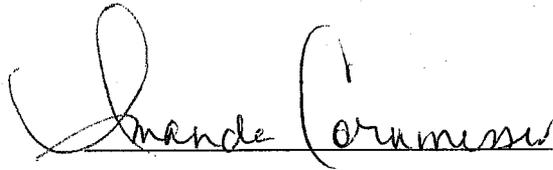
**CERTIFICATE OF MAILING**

The undersigned certifies that on the 29<sup>th</sup> day of June, 2007, a true and correct copy of the foregoing was mailed via certified mail, return receipt requested, delivery restricted to addressee, to the following:

American Liberty Insurance & Financial Services  
823 South Detroit #310  
Tulsa, OK 74120

LightHouse Marketing Incorporated  
18002 E. Brady Street  
Catoosa, OK 74015

Travis Winnett  
18002 E. Brady Street  
Catoosa, OK 74015

A handwritten signature in cursive script, appearing to read "Amanda Corum". The signature is written in dark ink and is positioned to the right of the address blocks.