

Hearing Dec. 15 at 9:00am

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

FILED IN DISTRICT COURT
OKLAHOMA COUNTY

Oklahoma Department of Securities)
ex rel. Irving L. Faught,)
Administrator,)
)
Plaintiff,)
)
v.)
)
2001 Trinity Fund, L.L.C. and)
Robert Arrowood,)
)
Defendants.)

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TIM RHODES
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Case No. CJ-2012-6164
Judge Roger Stuart

**MOTION TO BIFURCATE TRIAL ISSUES AND TO
ESTABLISH CLAIMS PROCEDURE
WITH BRIEF IN SUPPORT**

The Plaintiff moves the Court to enter an order 1) bifurcating the trial in this matter so that the issue of liability shall be tried prior to the presentation of evidence regarding the calculation of restitution, and 2) establishing a claims procedure designed to notify those persons, who may have invested with or entered into a transaction evidenced by a promissory note with Defendants, that they are required to file a proof of claim setting forth the nature and amount of their claims to be considered for any restitution award ordered. In support of this Motion, Plaintiff would show the Court as follows:

1. On September 28, 2012, Plaintiff filed a *Petition for Permanent Injunction and Other Equitable Relief* (Petition) against Defendants Robert Arrowood and 2001 Trinity Fund, LLC.
2. The Petition included a prayer for restitution to persons who purchased securities from Defendants Robert Arrowood and 2001 Trinity Fund, LLC.

3. Although Defendants have requested a jury trial in this case, the questions of whether to award restitution and the amount to be awarded are questions of equitable cognizance for the Court to decide and the Defendants have no right to a jury trial on those issues. *Booth v. State of Oklahoma*, 2009 OK Civ App 70, ¶11-14, 218 P.3d 534.

4. As provided for in 12 O.S. § 2018(D), Plaintiff moves for bifurcation of the issue of liability under the anti-fraud provisions of the securities laws from the calculation of any restitution to be awarded. Proving the amount of restitution will be extremely complex and time consuming because Defendants failed to keep accurate accounting records, entered into unwritten transactions with various persons, and failed to account for partial payments in any recognizable accounting format. An exhaustive review of Defendants' bank records will be required to establish the amount owed to each person.

5. Since restitution is an equitable remedy for the Court, there is no need to burden the jury with the tedious and time consuming exercise of determining the appropriate amount of restitution. Such testimony will distract the jury from the issues they are there to decide. Finally, if the jury returns a verdict against Plaintiff on the issue of liability, bifurcation will save unnecessary time and expense for the parties and the Court.

6. Plaintiff also moves for an order establishing a claims process to determine more accurately the amount of restitution that should be ordered. The claims process will give the individuals who may have invested with or entered into a transaction evidenced by a promissory note with Defendants an opportunity to submit documentation regarding amounts owed to them that may not be known by Plaintiff at this time. The claims process will help to streamline the

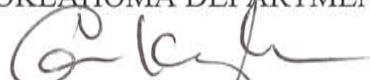
restitution phase of the trial and ensure the calculation of a more accurate restitution amount in the event restitution is awarded.

7. Plaintiff has prepared a notice and claim form to mail by regular mail to all persons known to Plaintiff who may have invested with or entered into a transaction evidenced by a promissory note with Defendants. *See* Exhibit A. Upon receipt of the claims, Plaintiff will file a motion with the Court setting forth the name of the Claimant, the amount claimed and the Department's recommendation as to the Claim. The Defendants and the Claimants will then have an opportunity to provide any evidence disputing the claims recommended by the Department for payment.

WHEREFORE, Plaintiff respectfully requests that this Court enter an order bifurcating the issue of liability from the calculation of restitution and establishing a claims procedure, as set forth in Exhibit A.

Respectfully Submitted,

OKLAHOMA DEPARTMENT OF SECURITIES



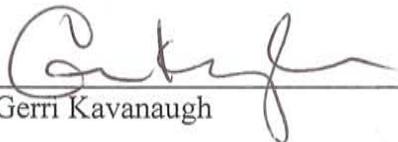
Shaun Mullins OBA # 16869
Gerri Kavanaugh OBA # 16732
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, OK 73102
Telephone: (405) 280-7700
Facsimile: (405) 280-7742
Email: smullins@securities.ok.gov
gkavanaugh@securities.ok.gov

CERTIFICATE OF SERVICE

I hereby certify that on this 19th day of November, 2014, the foregoing document was sent by email and first-class mail to the following:

William H. Bock
Michelle L. Greene
William H. Bock, Inc.
6402 N. Santa Fe Ave., Ste. A
Oklahoma City, OK 73116
billybock@wbocklaw.com
Attorney for Defendant Robert Arrowood

L. Win Holbrook
Andrews Davis, P.C.
100 North Broadway, Suite 3300
Oklahoma City, OK 73102
wholbrook@andrewsdavis.com
Bankruptcy Trustee for 2001 Trinity Fund, L.L.C.



Gerri Kavanaugh

Please note that this claims process is separate from the bankruptcy claims process and the claims filed in the bankruptcy relating to the 2001 Trinity Fund, L.L.C. will not be considered for purposes of restitution ordered in this civil case. To have your lost principal considered for inclusion in any restitution order, you must return the attached claim form as described below.

The deadline for submitting your claim is January 7, 2015. IF YOU DO NOT TIMELY SUBMIT A CLAIM WITH SUPPORTING DOCUMENTATION, YOU WILL NOT BE WILL NOT BE CONSIDERED FOR INCLUSION IN ANY RESTITUTION ORDERED IN THIS MATTER. If you have any questions, please note those on the returned form. You may access information about the Department's lawsuit at www.securities.ok.gov. Select "Enforcement Division," "Actions," and type "Arrowood."

Address for claim form:

**Gerri Kavanaugh
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, OK 73102
(405) 280-7721**

BY ORDER OF THE COURT.

Robert Arrowood
2001 Trinity Fund, LLC

PROOF OF CLAIM
 District Court of Oklahoma County
 State of Oklahoma
 Case No. CJ-2012-6164

PLEASE READ INSTRUCTIONS CAREFULLY. DEADLINE FOR FILING PROOF OF CLAIMS: January 7, 2015.

PART 1 Person Making Claim (Claimant)	
A. Claimant: NAME/ADDRESS _____ Name _____ Mailing Address _____ City/State/Zip Code _____ Home Phone Work Phone _____ E-Mail	_____ Name of Joint Account Holder If you are represented by an Attorney, provide Attorney's name, address and telephone number: _____ _____ _____

PART 2 Claim Information	
A. Who is your claim against? (Mark all that apply.) <input type="checkbox"/> Robert Arrowood <input type="checkbox"/> 2001 Trinity Fund, LLC <input type="checkbox"/> Other, please specify: _____ <input type="checkbox"/> I do NOT want to be included in a restitution order.	B. Amount of Claim: \$ _____ If the Amount of Claim is different than the difference between the money you invested or loaned (the total from subsection C) and any money you received (the total from subsection D), please explain:

C. Amount Invested or Loaned: <table style="width:100%; border-collapse: collapse;"> <tr> <td style="border-bottom: 1px solid black; width: 15%;"></td> <td style="border-bottom: 1px solid black; width: 35%;"></td> <td style="border-bottom: 1px solid black; width: 50%;"></td> </tr> <tr> <td style="font-size: small;">Date</td> <td style="font-size: small;">Amount</td> <td style="font-size: small;">Form of Payment</td> </tr> <tr> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="font-size: small;">Date</td> <td style="font-size: small;">Amount</td> <td style="font-size: small;">Form of Payment</td> </tr> <tr> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="font-size: small;">Date</td> <td style="font-size: small;">Amount</td> <td style="font-size: small;">Form of Payment</td> </tr> <tr> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="font-size: small;">Date</td> <td style="font-size: small;">Amount</td> <td style="font-size: small;">Form of Payment</td> </tr> <tr> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="font-size: small;">Date</td> <td style="font-size: small;">Amount</td> <td style="font-size: small;">Form of Payment*</td> </tr> <tr> <td colspan="3" style="padding-top: 10px;">Total Invested or Loaned: \$ _____</td> </tr> </table>				Date	Amount	Form of Payment				Date	Amount	Form of Payment				Date	Amount	Form of Payment				Date	Amount	Form of Payment				Date	Amount	Form of Payment*	Total Invested or Loaned: \$ _____			D. Amount Received in Return on Investment or Loan: <table style="width:100%; border-collapse: collapse;"> <tr> <td style="border-bottom: 1px solid black; width: 15%;"></td> <td style="border-bottom: 1px solid black; width: 35%;"></td> <td style="border-bottom: 1px solid black; width: 50%;"></td> </tr> <tr> <td style="font-size: small;">Date</td> <td style="font-size: small;">Amount Received</td> <td style="font-size: small;">Form of Payment</td> </tr> <tr> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="font-size: small;">Date</td> <td style="font-size: small;">Amount Received</td> <td style="font-size: small;">Form of Payment</td> </tr> <tr> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="font-size: small;">Date</td> <td style="font-size: small;">Amount Received</td> <td style="font-size: small;">Form of Payment</td> </tr> <tr> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="font-size: small;">Date</td> <td style="font-size: small;">Amount Received</td> <td style="font-size: small;">Form of Payment</td> </tr> <tr> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="font-size: small;">Date</td> <td style="font-size: small;">Amount Received</td> <td style="font-size: small;">Form of Payment</td> </tr> <tr> <td colspan="3" style="padding-top: 10px;">TOTAL RECEIVED: \$ _____</td> </tr> </table>				Date	Amount Received	Form of Payment				Date	Amount Received	Form of Payment				Date	Amount Received	Form of Payment				Date	Amount Received	Form of Payment				Date	Amount Received	Form of Payment	TOTAL RECEIVED: \$ _____		
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*You **MUST** provide supporting documentation in the form of canceled checks, cash receipts, copies of cashier's checks, wire transfer documentation, and/or monthly or quarterly statements regarding the transaction.

PART 3

a. What were you told about the how your money would be used?

b. What was the source of your funds invested or loaned?

- Retirement Funds/IRA CD's/Money Market Account, etc. Personal Savings
 Liquidated Property Inheritance Other: _____

c. Is your claim a secured claim? Yes No

If yes, specify all security for such claim and attach copies of any documentation: _____

d. Is your claim the subject of legal action (a lawsuit)? Yes No

If yes, specify the Court in which the legal action is pending: _____
Case Number: _____
All parties and attorneys: _____

e. Did you invest or loan money on behalf of anyone else? Yes No

If yes, specify the name, address, phone number and amount involved: _____

f. Were you provided documents of any kind regarding your transactions? Yes No

If yes, please describe and attach: _____

g. Do you know of anyone else who invested money with or loaned money to the persons or entities listed in part 2a?

If yes, please provide their name, address, and phone number? _____

THE AFFIRMATION THAT FOLLOWS MUST BE COMPLETED.

IMPORTANT NOTICES

- A. Proof of Claim must be properly signed and sworn to before a Notary Public or person authorized to administer oaths.
- B. Deadline: All Proofs of Claim must be postmarked no later than **January 7, 2015**. The Oklahoma Department of Securities (Department) is not responsible for undelivered mail. To protect your claim, the Department recommends that you send your Proof of Claim by certified and/or registered mail.
- C. If you have a change of address, you are required to inform the Department of the new address.
- D. You **MUST** attach to your Proof of Claim documents or evidence supporting your claim. Failure to provide sufficient documentation or evidence supporting your claim is grounds for denial of the claim.
- E. Return your completed Proof of Claim form and supporting documentation to:

Gerri Kavanaugh
Oklahoma Department of Securities
First National Center, Suite 860
120 North Robinson
Oklahoma City, OK 73102

- F. The Department suggests you keep a copy of the completed Proof of Claim, including supporting documents, for your records.
- G. If you have any questions about the Proof of Claim procedure, you may call Gerri Kavanaugh at 405-280-7721 or Shaun Mullins at 405-280-7708.
- H. Claims Approval Procedure:
 - i) Within such period as the court may establish, the Department will prepare and file a report setting forth the Claimants, amount of claims, and the Department's recommendation with respect to each claim.
 - ii) Upon the filing of such report, the court will schedule a time for a hearing on the report. If you file a Proof of Claim, you will receive notice of the hearing and such other information concerning the report and hearing as the court deems appropriate under the circumstances. In addition to such other information which may be provided, if, for any reason, the Department does not recommend acceptance of a claim as filed by the Claimant, such Claimant will be advised of the Department's recommendation regarding such claim.
 - iii) The court will make the final determination as to whether claims are allowed or disallowed.