

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

FILED IN DISTRICT COURT
OKLAHOMA COUNTY

SEP 14 2015

TIM RHODES
COURT CLERK

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

Case No. CJ-2012-6164
Judge Roger Stuart

PRE-TRIAL CONFERENCE ORDER

1. Appearances:

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Bankruptcy Trustee for 2001 Trinity Fund, LLC.

2. General Statement of Facts:

Robert Arrowood (Arrowood), by and through the 2001 Trinity Fund, LLC (Trinity Fund), offered and sold unregistered securities, in the nature of promissory notes and investment contracts, in and/or from the state of Oklahoma. Arrowood was not personally registered to offer and sell securities in and/or from the state of Oklahoma. Arrowood used the proceeds from the sales of securities for personal expenses rather than for the purposes for which he told the investors he would use the funds. Arrowood placed the Trinity Fund in bankruptcy in October 2009.

On May 15, 2015, the Court granted Plaintiff's Motion for Partial Summary Judgment holding the promissory notes to be securities as defined in Section 1-102 of the Oklahoma Uniform Securities Act of 2004, 71 O.S. §§ 1-101 to 1-702 (2011) (Act).

3. Plaintiff's Contentions:

A. List all theories of recovery and the applicable statutes, ordinances, and common law rules relied upon.

Arrowood and the Trinity Fund offered and sold unregistered securities in and/or from the state of Oklahoma in violation of Section 1-301 of the Act.

Arrowood transacted business in securities in and/or from Oklahoma without being registered as an agent in violation of Section 1-402 of the Act.

Arrowood and the Trinity Fund engaged in acts, practices and a course of business that operated as a fraud upon the investors who purchased securities in violation of Section 1-501 of the Act.

B. List damages or relief sought:

Permanent Injunction
Restitution to Investors
Civil Penalty in the amount of \$100,000
Such other equitable relief deemed necessary, just, and proper including costs of the investigation

4. Arrowood's Contentions: List all theories of defense and the applicable statutes, ordinances, and common law rules relied upon.

Arrowood entered into business agreements with basically two groups of individuals. These agreements consisted of Arrowood borrowing money from these individuals and most of these transactions were documented with promissory notes. Arrowood was honest with each of these individuals regarding the use of these funds. The only requirement of the promissory notes was the payment of principle and interest to each holder. Arrowood did not violate any Oklahoma state laws.

Arrowood's Claims for Relief: List any claims of relief sought (by cross-claim,

counterclaim, or set-off), and the applicable statutes, ordinances, and common law rules relied upon

5. For Trinity Fund:

Trinity Fund did not, as a separate juridical entity apart from Arrowood, act in violation of any of the alleged laws.

The unlawful securities transactions and fraud conducted by Arrowood were separate, outside and apart from the ordinary course of Trinity Fund's business.

Arrowood dominated and abused the company form of Trinity Fund and other entities under his sole or majority ownership and control, such that Trinity Fund was a victim of the conduct of Arrowood. In particular, but without limitation, Arrowood used the accounts of Trinity Fund as if they were his own personal accounts. To that extent, though Trinity Fund should be entitled to restitution from Arrowood and other recipients of any and all monies deposited into Trinity Fund and later wrongfully removed by Arrowood, regardless of source (as further set forth in the pending adversary action in the 2001 Trinity Fund bankruptcy proceeding), Trinity Fund should have no liability to the Department other than to the extent of the Department's interest in recovering moneys on behalf of defrauded investors relating to the unlawful securities transactions at issue in this matter.

Civil penalties cannot be imposed upon Trinity Fund because Trinity Fund was not the person responsible for the unlawful acts and was not the seller or "issuer" of any of the alleged securities. In particular, the securities were to have been interests in various properties, joint ventures or other forms of investment concocted by Arrowood; the securities were never represented to have constituted ownership of membership units of Trinity Fund itself, nor did Trinity Fund as an entity ever represent to the Arrowood investors that Trinity Fund itself was issuing securities such as bonds or notes.

Arrowood owes Trinity Fund indemnification for any liability of Trinity Fund.

The ordinary and legitimate business of Trinity Fund, being participation in various oil and gas ventures in Oklahoma and Texas, to the extent it was investment activity, was conducted as an investor, not as an issuer of securities, and such transactions were exempt from registration requirements under the applicable laws in each jurisdiction in which they occurred.

6. Trinity Fund's Claims for Relief: List any claims of relief sought (by cross-claim, counterclaim, or set-off), and the applicable statutes, ordinances, and common law rules relied upon

Trinity Fund is entitled to indemnification from Arrowood for all liabilities relating to the claims of the plaintiff.

7. Miscellaneous:

A. Is Jury waived? Yes No

B. Is additional discovery required? No

C. A trial brief (is / is not) required by the Court. Yes

D. Other matters:

8. Plaintiff's Exhibits:

No.	Description	Objection	Basis
	Transcript of Examination Under Oath of Robert Arrowood taken on May 17, 2012, in the United States Bankruptcy Court for the Western District of Oklahoma, Case no. 09-16236.		
	Deposition Transcript of Gary Hennersdorf taken on June 19, 2014		
	Promissory Note issued to Gary Hennersdorf dated February 13, 2009		
	Gary Hennersdorf's check in the amount of \$10,000 payable to 2001 Trinity Fund LLC dated February 13, 2009		
	Gary Hennersdorf's bank statement beginning September 5, 2009, reflecting wire transfer in the amount of \$20,000 payable to 2001 Trinity Fund, LLC		
	Deposition Transcript of Philip Martin taken on June 19, 2014		
	Promissory Note issued to C&P Properties dated February 13, 2009		
	C&P Properties check in the amount of \$140,000 payable to the 2001 Trinity Fund, LLC dated February 15, 2009		
	2001 Trinity Fund, LLC check in the amount of \$161,000 payable to C&P Properties dated March 16, 2009		
	Deposition Transcript of David Rapp taken on June 19, 2014		

	David Rapp's check dated October 8, 2008, in the amount of \$10,000 payable to 2001 Trinity Fund, LLC		
	Thomas Rapp's check dated October 10, 2008, in the amount of \$30,000 payable to 2001 Trinity Fund, LLC		
	Agreed Final Judgment dated October 23, 2009, filed in the District Court of Tarrant County, Texas, Cause No. 153-241053-09		
	Deposition Transcript of Wade M. Sessions taken on September 9, 2014		
	Wade M. Sessions' Bankruptcy Claim dated April 27, 2010		
	Email from Jeremy Okler to Wade Sessions dated May 17, 2009		
	Email string from Wade Sessions to Jeremy Okler and Larry Sessions dated August 27, 2009		
	2001 Trinity Fund, LLC check in the amount of \$173,250 payable to Larry Sessions dated August 18, 2009, on top of excerpt of letter from Wade Sessions.		
	Affidavit of Wade M. Sessions		
	Deposition Transcript of Larry Sessions taken on September 15, 2009		
	Affidavit of Larry M. Sessions		
	Promissory Note issued to Larry Sessions dated July 3, 2009		
	Larry Sessions' Funds Transfer Authorization directed to 2001 Trinity Fund, LLC dated December 2, 2008		
	Promissory Note issued to Larry Sessions dated December 3, 2008		
	Email from Larry Sessions to Jeremy Okler dated January 30, 2009		
	Email from Jeremy Okler to Larry Sessions dated February 26, 2009		
	Promissory Note issued to Larry Sessions dated January 19, 2009		
	Larry Sessions' deposit slip dated January 30, 2009, with two checks from 2001 Trinity Fund, LLC		

Larry Sessions' deposit slip dated January 29, 2009, with one check from 2001 Trinity Fund, LLC and return notice		
Notification of Deposited Check Being Returned Unpaid dated March 10, 2009, and copy of check		
Email from Larry Sessions to Robert Arrowood dated March 10, 2009		
Email string between Larry Sessions and Robert Arrowood ending March 12, 2009		
Email string between Robert Arrowood and Larry Sessions ending March 12, 2009		
Email string between Robert Arrowood and Larry Sessions ending March 13, 2009		
Email from Larry Sessions to Robert Arrowood dated March 14, 2009		
Email string between Larry Sessions and Robert Arrowood ending March 15, 2009		
Email string between Larry Sessions and Robert Arrowood ending March 15, 2009		
Incoming Funds Transfer to Larry Sessions from 2001 Trinity Fund, LLC dated March 12, 2009		
Email string between Jeremy Okler and Larry Sessions ending April 20, 2009		
Email string between Jeremy Okler and Larry Sessions ending April 16, 2009		
Email string between Jeremy Okler and Larry Sessions ending March 20, 2009		
Email string between Jeremy Okler and Larry Sessions undated regarding Sessions writing letter to Rob but will hold off sending		
Letter dated May 4, 2009, from Larry Sessions to Robert Arrowood		
Email from Jeremy Okler to Wade Sessions and Larry Sessions dated May 17, 2009		

	Email string between Jeremy Okler and Larry Sessions ending June 22, 2009		
	Email from Jeremy Okler to Larry Sessions dated June 23, 2009		
	Letter dated June 29, 2009, from Larry Sessions to Robert Arrowood and copies of postage		
	Email from Jeremy Okler to Larry Sessions dated July 5, 2009, with copy of proposed new promissory note		
	Email string between Robert Arrowood and Larry Sessions ending July 19, 2009		
	Email string between Jeremy Okler and Larry Sessions ending July 29, 2009		
	Complaint filed by Larry Sessions with the Oklahoma Office of the Attorney General		
	Email from Larry Sessions to Jeremy Okler and Robert Arrowood dated August 25, 2009		
	Email from Larry Sessions to family members dated August 25, 2009		
	Email from Wade Sessions to Jeremy Okler dated August 27, 2009, with email string between Robert Arrowood and Wade Sessions attached.		
	Email from Larry Sessions to Robert Arrowood dated September 7, 2009		
	Email from Jeremy Okler to Larry Sessions dated September 14, 2009		
	Email from Larry Sessions to Jeremy Okler dated October 6, 2009		
	Email from Jeremy Okler to Larry Sessions dated October 15, 2009		
	Letter from Larry Sessions to Mike Kirschner dated December 12, 2009		
	Letter from Larry Sessions to his daughter and Okler dated December 13, 2009		
	Letter from Larry Sessions to the Department dated December 14, 2009		
	Affidavit of Richard Rossell		
	Promissory Note issued to Richard Rossell dated July 3, 2009		

	Promissory Note issued to the David L. Pearlman Trust dated March 3, 2007		
	Promissory Note issued to Arrowood Companies, Inc. dated September 11, 2009		
	Bank of America, Account No. xxxx xxxx 4535 in the name of 2001 Trinity Fund, L.L.C. – Monthly Statements with corresponding checks and deposit slips for January 2008 through December 2009		
	Bank of America, Account No. xxxx xxxx 8380 in the name of 2001 Trinity Fund, L.L.C. – Monthly Statements with corresponding checks and deposit slips for January 2008 through July 2009		
	Bank of America, Account No. xxxx xxxx 4729 in the name of Arrowood Companies, Inc. – Monthly Statements with corresponding checks and deposit slips for January 2008 through November 2009		
	Coppermark Bank, Account No. xxxxx4574 in the name of 2001 Trinity Fund LLC – Monthly Statements with corresponding checks and deposit slips for January 2008 through December 2009		
	Subpoena dated March 3, 2010, from the Department to Robert Arrowood and 2001 Trinity Fund, LLC		
	Letter dated March 26, 2010, from Kirschner on behalf of 2001 Trinity Fund, L.L.C. to the Department in response to the March 3, 2010, Subpoena		
	2001 Trinity Fund, L.L.C.'s Certificate of Limited Liability Company, Articles of Organization, and Operating Agreement		
	2001 Trinity Fund, L.L.C.'s Subscription Signature Page dated January 31, 2001		

2001 Trinity Fund, L.L.C.'s Subscription Signature Page dated May 9, 2006		
Assignment dated May 8, 2006, of 50% interest in 2001 Trinity Fund, L.L.C. from Robert Arrowood to Cathy Arrowood		
Assignment dated May 9, 2006, of 25% interest in 2001 Trinity Fund, L.L.C. from Robert Arrowood to Arrowood Companies, Inc.		
Deed of Trust, Mortgage, Assignment, Security Agreement, Fixture Filing and Financing Statement from 2001 Trinity Fund, LLC to 1 ROC Energy, LLC dated September 28, 2009		
Deed of Trust, Mortgage, Assignment, Security Agreement, Fixture Filing and Financing Statement from 2001 Trinity Fund, LLC to David D. Rapp dated September 28, 2009		
Demonstrative aid relating to August 2008 bank records (not yet prepared)		
Demonstrative aid relating to October 2008 bank records (not yet prepared)		
Demonstrative aid relating to November 2008 bank records (not yet prepared)		
Demonstrative aid relating to December 2008 bank records (not yet prepared)		
Demonstrative aid relating to February 2009 bank records (not yet prepared)		
Demonstrative aid relating to June 2009 bank records (not yet prepared)		
Demonstrative aid relating to September 2009 bank records (not yet prepared)		
Demonstrative aid relating to October 2009 bank records (not yet prepared)		
Other demonstrative aids yet to be prepared		
Official record of the 2001 Trinity Fund, L.L.C., bankruptcy proceedings		

	Any evidence necessary to impeach a witness, including, but not limited to, deposition transcripts		
	Any evidence needed to refresh a witness's memory		
	All exhibits listed or offered by the Defendants to which the Department asserts no objection		

9. Arrowood's Exhibits: Any and all exhibits listed by the Plaintiff.

Arrowood reserves the right to supplement his witness and exhibit list upon the Court's ruling with regard to the various motions on file.

10. Trinity Fund's Exhibits: Trinity Fund may introduce into evidence any exhibit listed by Plaintiff or Arrowood.

11. Plaintiff's Witnesses:

Name and Address	Proposed Testimony
Wade Sessions 3584 West 9000 S, Suite 405 West Jordan, UT 84088 801-568-3480	Deposed
Richard Rossell 839 Linwood Court Birmingham, AL (205) 908-1214	Communications and relationships with Robert Arrowood and/or 2001 Trinity Fund, L.L.C.
Larry Sessions 1138 Park Lane Gulf Breeze, FL 850-932-0725	Deposed
Jeremy Okler 6366 Elm Crest Court Fort Worth, TX	Communications with Robert Arrowood and/or 2001 Trinity Fund, L.L.C. and his discussions with friends and family regarding investments in the notes issued by 2001 Trinity Fund, L.L.C.
Russell Smith c/o Jarrod Rodgers, attorney 7000 North Western Avenue Oklahoma City, OK 73116 405-848-4822	Communications and relationship with Robert Arrowood and/or 2001 Trinity Fund, L.L.C.

Dusty Dvoracek 3913 Warrington Way Norman, OK 73072 224-577-9098	Communications and relationship with Robert Arrowood and/or 2001 Trinity Fund, L.L.C.
David Pearlman c/o Harvey Grauberger, attorney Drummond Law Firm 1500 South Utica Avenue, Suite 400 Tulsa, OK 74104 918-749-7378	Communications and relationship with Robert Arrowood and/or 2001 Trinity Fund, L.L.C.
L. Win Holbrook 100 N. Broadway Oklahoma City, OK 73102 405-272-9241	Information received and reviewed in the course of acting as bankruptcy trustee for 2001 Trinity Fund, L.L.C.
Brenda London Oklahoma Department of Securities 204 North Robinson Avenue, Suite 400 Oklahoma City, OK 73102-7001 (405) 280-7700	Records of the Department pertinent to this matter.
John Ulrey Oklahoma Department of Securities 204 North Robinson Avenue, Suite 400 Oklahoma City, OK 73102-7001 (405) 280-7700	Department's investigation into this matter generally and about subpoenaed bank accounts specifically.
Kenneth Maillard Oklahoma Department of Securities 204 North Robinson Avenue, Suite 400 Oklahoma City, OK 73102-7001 (405) 280-7700	Registration and exemption files of the Department.
Gary Hennersdorf c/o David Rapp 102 Houston St. Weatherford, TX 817-596-4200	Deposed
Philip Martin c/o David Rapp 102 Houston St. Weatherford, TX 817-596-4200	Deposed
William Byrd c/o David Rapp 102 Houston St. Weatherford, TX 817-596-4200	Communications and business relationship with Robert Arrowood and/or 2001 Trinity Fund, L.L.C.

David Rapp 102 Houston St. Weatherford, TX 817-596-4200	Deposed
Alex Brown 2900 Jenkins Ave. Norman, OK 73019 405-325-4666	Communications and business relationship with Robert Arrowood and/or 2001 Trinity Fund, L.L.C.
Vicky J. Smith 3809 Bridgeport Road Norman, OK 73072 405-447-5290	Communications and business relationship with Robert Arrowood and/or 2001 Trinity Fund, L.L.C.
All witnesses identified by Defendants or called at trial by Defendants.	

12. Arrowood's Witnesses: List names, addresses, and substance of testimony

Chad Haynes 2525 Weymouth Way Norman, OK 73071	Mr. Haynes will testify regarding his relationship with Robert Arrowood both personally and professionally. Mr. Haynes will also testify regarding Russell Smith's relationship with Mr. Arrowood and/or 2001 Trinity Fund, L.L.C.
Julie Nelson 627 Southwest 38 th Place Moore, OK 73160	Ms. Julie Nelson will testify regarding her relationship with Robert Arrowood both personally and professionally. Ms. Nelson will also testify regarding Russell Smith's Mr. Arrowood and/or 2001 Trinity Fund, L.L.C.
Jan Nelson 1300 West Boyd Street Norman, OK 73069	Ms. Jan Nelson will testify regarding her relationship with Robert Arrowood both personally and professionally. Ms. Nelson will also testify regarding Russell Smith's Mr. Arrowood and/or 2001 Trinity Fund, L.L.C.
Enos Semore 6101 Southeast 154 th Noble, OK 73068	Mr. Semore will testify regarding his relationship with Robert Arrowood both personally and professionally.
Richard Machina 2151 Portwood Way Fort Worth, TX 682-551-8601	Mr. Machina will testify regarding his business relationship with Mr. Arrowood and/or 2001 Trinity Fund, L.L.C.
Any and all witnesses listed and/or endorsed by the Plaintiff	

13. Trinity Fund's Witnesses: Trinity Fund may call any party listed by the Plaintiff or Arrowood.

1. Requested Jury instructions due by: _____.
2. Estimated Trial Time: 3-5 days.
3. Stipulations:
4. Settlement: Has the possibility of settlement been explored?

The parties have participated in court-ordered mediation but were unable to reach a settlement.

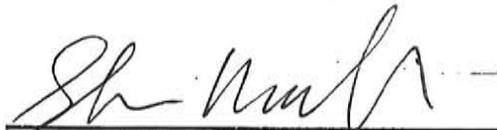
5. Trial date set for: April 4, 2016.

Dated this 9 day of ~~August~~^{Sept}, 2015.

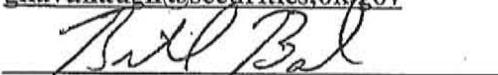


JUDGE OF THE DISTRICT COURT

Approved:



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