

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

FILED IN DISTRICT COURT
OKLAHOMA COUNTY

SEP -9 2013

TIM RHODES
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Oklahoma Department of Securities)
ex rel. Irving L. Faught,)
Administrator,)
)
Plaintiff,)

v.)

Jasmine, Inc., an Oklahoma corporation;)
Oklahoma Energy Exchange, LLC, an)
Oklahoma limited liability company;)
Harrisburg Prospect Lease Fund, LLC, an)
Oklahoma limited liability company; Gates)
Oil & Gas, LTD, an Oklahoma corporation;)
Harrisburg 2 Prospect Lease Fund, LLC,)
an Oklahoma limited liability company;)
Jimmy W. Gray, an individual; Greg L.)
Gray, an individual; Michael K. Gray, an)
individual; and Lance P. Bowman, an)
individual,)

Defendants.)

Case No. CJ - 2013 - 50 23

**APPLICATION FOR TEMPORARY RESTRAINING ORDER,
ORDER FOR AN ASSET FREEZE, ORDER FOR AN ACCOUNTING,
AND TEMPORARY INJUNCTION**

The Oklahoma Department of Securities ("Department"), *ex rel.* Irving L. Faught, Administrator, respectfully submits this application for temporary restraining order, order for an asset freeze, order for an accounting, and temporary injunction, pursuant to the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011). The Department incorporates herein by reference the verified *Petition for Permanent Injunction and Other Relief* ("Verified Petition") filed contemporaneously with this application. The Department petitions this Court to prevent continued violations of

the Act, to protect the rights of the Department in its obligation to protect the public interest, to prevent any dissipation of Defendants' assets, including investor funds, and to remedy actions that Defendants have already committed.

The Department moves this Court to enter, without notice, a temporary restraining order, an order for an asset freeze, and an order for an accounting, until the Court may afford the parties a hearing, and further moves for the entry of a temporary injunction at such hearing. The entry of such orders is appropriate and necessary for the reasons set forth below.

I. DEFENDANTS

Defendant Jasmine, Inc. ("Jasmine") is an Oklahoma corporation with its principal place of business in Duncan, Oklahoma. At least between 2007 and 2009, Jasmine issued, offered and/or sold securities in and/or from Oklahoma as described herein.

Defendant Oklahoma Energy Exchange, LLC ("OEE") is an Oklahoma limited liability company with its principal place of business in Duncan, Oklahoma. At least between January 2010 and July 2012, OEE issued, offered, and/or sold securities in and/or from Oklahoma as described herein.

Defendant Harrisburg Prospect Lease Fund, LLC ("Harrisburg") is an Oklahoma limited liability company managed by OEE and having its principal place of business in Duncan, Oklahoma. At least between December 2011 and July 2012, Harrisburg issued, offered, and/or sold securities in and/or from Oklahoma as described herein.

Defendant Gates Oil & Gas, LTD ("Gates") is an Oklahoma corporation with its principal place of business in Duncan, Oklahoma. At least since August 2012, Gates

has been issuing, offering, and/or selling securities in and/or from Oklahoma as described herein.

Defendant Harrisburg 2 Prospect Lease Fund, LLC (“Harrisburg 2”) is an Oklahoma limited liability company managed by Gates and having its principal place of business in Duncan, Oklahoma. At least since August 2012, Harrisburg 2 has been issuing, offering, and/or selling securities in and/or from Oklahoma as described herein.

Defendant Jimmy W. Gray (“Jimmy Gray”), an Oklahoma resident, is the President and sole shareholder of Jasmine and has been instrumental in the formation and operation of OEE, Harrisburg, Gates, and Harrisburg 2.

Defendant Greg L. Gray (“Greg Gray”), an Oklahoma resident, is the son of Jimmy Gray and served as President of OEE at times material hereto.

Defendant Michael K. Gray (“Michael Gray”), an Oklahoma resident, is the son of Jimmy Gray and served as President of Gates at times material hereto.

Defendant Lance P. Bowman (“Lance Bowman”), an Oklahoma resident, served as Chief Financial Officer of OEE and Gates at times material hereto.

II. NATURE OF THE CASE

A. Jasmine

In 1999, the Administrator of the Department issued an order imposing a civil penalty against Jasmine and Jimmy Gray based on their offer and sale of unregistered securities in the nature of working interests in oil and gas wells and employment of unregistered agents.

At least as early as 2007, Jasmine and Jimmy Gray once again began offering and selling working interests in oil and gas wells. Between 2007 and 2009, Jasmine

and Jimmy Gray offered and/or sold fractional undivided working interests (“Jasmine Well Interests”) in at least six wells: the Olta No. 1, the Mike No. 1 and No. 2, the Clark No. 2 and No. 3, and the Mackenzie No. 1. None of the Jasmine Well Interests were registered under the Act.

In May 2009, Jasmine and Jimmy Gray were respondents in an order issued by securities regulators in Wisconsin—again, based on their offer and sale of unregistered securities and employment of unregistered agents. In early November 2009, the two were respondents in an order issued by securities regulators in Pennsylvania based on the same offenses.

B. OEE and Harrisburg

In late November 2009, Jimmy Gray and Greg Gray formed OEE. Jimmy Gray was to be an employee of OEE and Greg Gray was to serve as President.

At least as early as January 2010, OEE began offering and selling working interests in oil and gas wells. OEE offered and sold fractional undivided working interests (“OEE Well Interests”) in at least three wells: the Mackenzie No. 1, the Julie 1-14, and the RLT No. 2. Between January 2010 and May 2012, OEE Well Interests totaling at least \$1.6 million were sold to at least 114 investors. None of the OEE Well Interests were registered under the Act.

Private placement memorandums distributed in connection with the offering of the OEE Well Interests (“OEE Well Interests PPMs”) state that the OEE Well Interests would be offered and sold by OEE officers and employees without the payment of commissions.

The OEE Well Interests were offered and sold by commissioned salespeople.

The OEE Well Interests PPMs also state that a portion of the offering proceeds would be allocated to the drilling of a particular well and that investor funds attributable to each well would be segregated and held in a special account—and not commingled with other OEE funds—until required for expenditure.

Investor funds attributable to the Mackenzie No. 1 and RLT No. 2 wells were eventually commingled with other OEE funds and neither well was drilled by the company.

The OEE Well Interests PPMs related to the Mackenzie No. 1 and Julie 1-14 wells do not disclose any involvement by Jasmine or Jimmy Gray or their previous securities violations.

Jasmine was the operator of both the Mackenzie No. 1 and Julie 1-14 wells. The offering of OEE Well Interests in the Mackenzie No. 1 functioned as a continuation of the previous offering of Jasmine Well Interests in the same well.

In December 2011, OEE began offering and selling interests in Harrisburg. A private placement memorandum dated December 1, 2011 (“Harrisburg PPM”) was distributed in connection with the offering. The Harrisburg PPM states that OEE and Harrisburg were offering 100 preferred return member interests in Harrisburg (“Harrisburg Preferred Units”) that were to be sold for \$50,000 each and without the payment of commissions. The Harrisburg Preferred Units were not registered under the Act.

According to the Harrisburg PPM, Harrisburg—with OEE serving as manager—would acquire oil and gas leases within identified areas of Stephens County described as the “Harrisburg Prospect”, attempt to resell the leases in one or more blocks while

retaining overriding royalty interests, and distribute certain portions of the lease sale proceeds and overriding royalty income to the holders of the Harrisburg Preferred Units.

The Harrisburg PPM states that the use of offering proceeds would be limited to the acquisition of oil and gas leases with only two exceptions: reimbursement to OEE for "Offering and Organization Costs" not to exceed \$1,000 per Harrisburg Preferred Unit and reimbursement to OEE for "Seismic Costs and Expenses" of \$400,026. Assuming the sale of all of the Harrisburg Preferred Units, the Harrisburg PPM provides an estimate that of the \$5,000,000 in investor funds that would be received, \$4,549,974 would be used to acquire oil and gas leases.

The Harrisburg PPM further states that investor funds not used to acquire oil and gas leases or needed to maintain reserves for payment of reserve rentals would be distributed back to the holders of Harrisburg Preferred Units.

The Harrisburg PPM directs prospective investors seeking additional information to contact Jimmy Gray.

Between December 2011 and July 2012, OEE and Harrisburg sold Harrisburg Preferred Units to at least 76 investors, receiving at least \$5,020,500 in investor funds. By the end of July, approximately \$684,750 of those investor funds remained in OEE and Harrisburg bank accounts. Of the approximately \$4,335,750 in investor funds used, only around \$233,250 were used to acquire oil and gas leases. The misuse of investor funds included the payment of sales commissions, the payment of refunds to previous Jasmine and OEE investors, the payment of drilling expenses related to previous Jasmine and OEE offerings, the payment of all OEE operating expenses, payments on personal loans and credit cards, the purchase of vehicles, the payment of country club

dues, and direct payments to Jimmy Gray and Greg Gray in addition to their OEE wages.

On November 8, 2012, a petition was filed against Greg Gray in the District Court of Stephens County on behalf of Gates, OEE, and Jimmy Gray. The petition requests a declaration of the rights of the parties under a written agreement dated September 27, 2012. The resulting case, No. CJ-2012-232E, was assigned to Judge Joe H. Enos.

On March 14, 2013, upon joint motion by the parties, Judge Enos appointed Jerry Whitten as receiver of OEE “to take custody, control, and continue operations, to assist in identifying currently unknown interest/owners, and to identify the nature and extent of those ownership interests.”

Greg Gray currently serves as President of United Alliance, LLC, an Oklahoma limited liability company formed on June 18, 2013 that was offering securities as recently as June 26, 2013. These securities have not been registered under the Act.

C. Gates and Harrisburg 2

In August 2012, Jimmy Gray and Michael Gray formed Gates. Michael Gray was to serve as President, though he would actually function as a “Tool Pusher” with responsibility for general field work. Jimmy Gray would serve as Senior Consultant, while Lance Bowman would serve as Chief Financial Officer, and the two would share responsibility for office management.

That same month, Gates began offering and selling preferred return member interests in Harrisburg 2 (“Harrisburg 2 Preferred Units”). A private placement memorandum dated August 20, 2012 (“Harrisburg 2 PPM”) was distributed in connection with the offering. The Harrisburg 2 PPM states that Gates and Harrisburg 2

were offering 100 Harrisburg 2 Preferred Units that were to be sold for \$50,000 each and without the payment of commissions. The Harrisburg 2 Preferred Units were not registered under the Act.

The Harrisburg 2 PPM states that Harrisburg 2—with Gates serving as manager—would acquire oil and gas leases within identified areas bordering the Harrisburg Prospect described as the “Harrisburg 2 Prospect”, attempt to resell the leases in one or more blocks while retaining overriding royalty interests, and distribute certain portions of the lease sale proceeds and overriding royalty income to the holders of Harrisburg 2 Preferred Units.

The Harrisburg 2 PPM states that the use of offering proceeds would be limited to the following: the acquisition of oil and gas leases, reimbursement to Gates for “Offering and Organization Costs” not to exceed \$1,000 per Harrisburg 2 Preferred Unit, and reimbursement to Gates for “Seismic Costs and Expenses” of \$400,026. Assuming the sale of all of the Harrisburg 2 Preferred Units, the Harrisburg 2 PPM provides an estimate that of the \$5,000,000 in investor funds that would be received, \$4,549,974 would be used to acquire oil and gas leases.

The Harrisburg 2 PPM further states that investor funds not used to acquire oil and gas leases or needed to maintain reserves for payment of reserve rentals would be distributed back to the holders of Harrisburg 2 Preferred Units.

The Harrisburg 2 PPM directs prospective investors seeking additional information to contact Jimmy Gray, but does not otherwise mention Jimmy Gray or his previous securities violations.

Between August 2012 and April 2013, Gates and Harrisburg 2 sold Harrisburg 2 Preferred Units to at least 22 investors, receiving at least \$1,467,500 in investor funds. By the end of April, approximately \$365,000 of those funds remained in Gates and Harrisburg 2 bank accounts. Of the approximately \$1,102,500 in investor funds used, only around \$281,500 were used to acquire oil and gas leases. The misuse of investor funds included the payment of sales commissions and direct payments to Jimmy Gray and Lance Bowman in addition to their Gates wages.

At least as early as September 2012, Gates began offering and selling working interests in oil and gas wells. Gates has offered and sold fractional undivided working interests (“Gates Well Interests”) in at least two wells: the Mackenzie No. 1 and the Paul Ray No. 1. Between September 2012 and April 2013, Gates Well Interests totaling at least \$1,144,700 were sold to at least 37 investors. None of the Gates Well Interests were registered under the Act.

Private placement memorandums distributed in connection with the offering of the Gates Well Interests (“Gates Well Interests PPMs”) state that the Gates Well Interests would be offered and sold by Gates officers and employees without the payment of commissions.

The Gates Well Interests were offered and sold by commissioned salespeople.

The Gates Well Interests PPMs also state that a portion of the offering proceeds would be allocated to the drilling of a particular well and that investor funds attributable to each well would be segregated and held in a special account—and not commingled with other Gates funds—until required for expenditure.

Investor funds attributable to the Mackenzie No. 1 and Paul Ray No. 2 wells were deposited in a common checking account and commingled with other Gates funds.

The Gates Well Interests PPMs do not disclose any involvement by Jasmine or Jimmy Gray or their previous securities violations.

Jasmine was the operator of both the Mackenzie No. 1 and Paul Ray No. 2 wells. The offering of Gates Well Interests in the Mackenzie No. 1 functioned as a continuation of the previous offerings of Jasmine Well Interests and OEE Well Interests in the same well.

Gates is currently offering working interests in two more oil and gas wells: the RLT No. 2 and the Jack Justice No. 3—collectively referred to by Gates as the “Whitebead Prospect.” None of these working interests have been registered under the Act.

III. VIOLATIONS OF THE ACT

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

The Jasmine Well Interests, OEE Well Interests, Harrisburg Preferred Units, Gates Well Interests, and Harrisburg 2 Preferred Units are “securities” as defined by Section 1-102 of the Act.

Defendants Jasmine, OEE, Harrisburg, Gates, and Harrisburg 2 offered and sold the securities in and/or from Oklahoma.

The securities offered and sold by Defendants have not been registered under the Act.

By reason of the foregoing, Defendants have violated or materially aided a violation of, and unless enjoined may continue to violate or materially aid a violation of,

Section 1-301 of the Act.

**B. Violation of Section 1-402 of the Act:
Transaction of Business as Unregistered Agents and Employment of
Unregistered Agents**

Defendants Jasmine, OEE, Harrisburg, Gates, and Harrisburg 2 are issuers as defined in Section 1-102 of the Act.

Defendants Jimmy Gray, Greg Gray, Michael Gray, and Lance Bowman, by virtue of their efforts and activities in effecting or attempting to effect purchases or sales of one or more of such issuers' securities, are agents as defined in Section 1-102 of the Act

Defendants Jimmy Gray, Greg Gray, Michael Gray, and Lance Bowman are not registered in any capacity under the Act.

Defendants Jimmy Gray, Greg Gray, Michael Gray, and Lance Bowman transacted business in this state as unregistered agents.

Defendants Jasmine, OEE, Harrisburg, Gates, and Harrisburg 2 employed unregistered agents who transacted business in this state.

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

**C. Violation of Section 1-501 of the Act:
Untrue Statements and Omissions of Material Facts in Connection With the Offer
and Sale of Securities**

Defendants OEE, Harrisburg, Gates, and Harrisburg 2, in connection with the offer and sale of securities, have made untrue statements of material fact including, but not limited to, the following:

- a. misstatements by OEE, Harrisburg, Gates, and Harrisburg 2 that the OEE Well Interests, Harrisburg Preferred Units, Gates Well Interests, and Harrisburg 2 Preferred Units, respectively, would be offered and sold without the payment of commissions when all were offered and sold by commissioned salespeople;
- b. misstatements by OEE and Gates that investor funds attributable to the OEE Well Interests and Gates Well Interests, respectively, would be allocated to the drilling of a particular well and held in a special account until required for expenditure when investor funds attributable to the Mackenzie No. 1, RLT No. 2, and Paul Ray No. 1 wells were commingled with other OEE and/or Gates funds; and
- c. misstatements by OEE and Harrisburg, and Gates and Harrisburg 2 that the vast majority of offering proceeds attributable to the Harrisburg Preferred Units and Harrisburg 2 Preferred Units, respectively, would be used to acquire oil and gas leases—and funds not so used or needed to maintain reserves for payment of reserve rentals would be distributed back to the holders of such securities—when only a fraction of offering proceeds were used to acquire oil and gas leases and few funds remain to be distributed back to security holders.

Defendants OEE, Harrisburg, Gates, and Harrisburg 2, in connection with the offer and sale of securities, have omitted to state material facts necessary in order to

make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:

a. omission of the involvement of Jasmine or Jimmy Gray, or their previous securities violations, by OEE in OEE Well Interest PPMs, by Gates in Gates Well Interest PPMs, and by Gates and Harrisburg 2 in the Harrisburg 2 PPM;

b. omission by OEE and Harrisburg of the fact that offering proceeds attributable to the Harrisburg Preferred Units would be used for the payment of sales commissions, the payment of refunds to previous Jasmine and OEE investors, the payment of drilling expenses related to previous Jasmine and OEE offerings, the payment of all OEE operating expenses, payments on personal loans and credit cards, the purchase of vehicles, the payment of country club dues, and direct payments to Jimmy Gray and Greg Gray; and

c. omission by Gates and Harrisburg 2 of the fact that offering proceeds attributable to the Harrisburg 2 Preferred Units would be used for the payment of sales commissions and direct payments to Jimmy Gray and Lance Bowman.

By reason of the foregoing, Defendants have violated or materially aided a violation of, and unless enjoined may continue to violate or materially aid a violation of, Section 1-501 of the Act.

**D. Violation of Section 1-501 of the Act:
Act, Practice, or Course of Business Which Operates as a Fraud or Deceit Upon
Any Person**

Defendants OEE, Harrisburg, Gates, and Harrisburg 2, in connection with the offer and sale of securities, and through the use of the untrue statements and omissions of material fact described above, have engaged in an act, practice, or course of business that has operated as a fraud or deceit upon other persons.

By reason of the foregoing, Defendants have violated or materially aided a violation of, and unless enjoined may continue to violate or materially aid a violation of, Section 1-501 of the Act.

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

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 . . . the Administrator may . . . maintain an action in the district court of Oklahoma County . . . to enjoin the act, practice or course of business and to enforce compliance with 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[.]

Comments to the Uniform Securities Act of 2002, on which the Act is based, suggest that the “proper showing” required for relief under this section is the same as that required under similar provisions of the federal securities laws. Unif. Sec. Act §603 cmt. 3 (2002) (noting that “the term ‘upon a proper showing’ has a settled meaning in the federal securities laws”).

A. Temporary Injunction

Section 1-603(B)(1) of the Act specifically grants this Court the power to issue a temporary injunction. The proper showing required for such injunctive relief under federal securities laws has been defined as “a justifiable basis for believing . . . that the defendants were engaged in violations of the statutes involved.” *SEC v. Gen. Refractories Co.*, 400 F.Supp. 1248, 1254 (D.C. 1975) (citing *FTC v. Rhodes Pharm. Co.*, 191 F.2d 744, 777-78 (7th Cir. 1951)). This standard differs from that applied in private actions for injunctive relief and no showing of irreparable harm is required. *SEC v. Mgmt. Dynamics, Inc.*, 515 F.2d 801, 808 (2nd Cir. 1975); see also *Okla. Sec. Comm’n v. CFR Inter., Inc.*, 622 P.2d 293, 295 (Okla. Civ. App. 1980).

Once this proper showing for injunctive relief has been made, the Department need only establish “a reasonable likelihood of a future violation.” *SEC v. Householder*, 2002 WL 1466812 at *5 (N.D. Ill. 2002). In doing so, past violations are “highly suggestive [of] the likelihood of future violations.” *CFR Inter., Inc.*, 622 P.2d at 295 (quoting *Mgmt. Dynamics, Inc.*, 515 F.2d at 807).

In accord with this understanding of the requirements for injunctive relief, the Oklahoma Court of Civil Appeals found proof of the offer and sale of unregistered

securities by unregistered agents to be all that was necessary for the issuance of a temporary injunction. *Id.* at 296.

As described above and in the Verified Petition, the Department has a justifiable basis for believing that Defendants have violated both registration and fraud provisions of the Act. Such past violations, in addition to the fact that Defendants continue to offer securities, are highly suggestive of a reasonable likelihood of future violations. A temporary injunction is therefore appropriate.

B. Temporary Restraining Order

Section 1-603(B)(1) of the Act specifically grants this Court the power to issue a temporary restraining order. A temporary restraining order is intended to preserve the *status quo* and prevent irreparable injury until a hearing can be held on a temporary injunction. *Granny Goose Foods, Inc. v. Bhd. of Teamsters*, 415 U.S. 423, 439 (1974); see also *Morse v. Earnest, Inc.*, 547 P.2d 955, 957 (Okla. 1976). The temporary restraining order may be issued without notice where “it clearly appears . . . that immediate and irreparable injury, loss, or damage will result” before the hearing can be held. Okla. Stat. tit. 12, § 1384.1 (2012). Such irreparable injury exists where there is a continuing violation of a state statute. *Semke v. State ex rel. Okla. Motor Vehicle Comm’n*, 465 P.2d 441, 445 (Okla. 1970).

As described above and in the Verified Petition, Defendants continue to offer securities in violation of the Act. Accordingly, a temporary restraining order should be issued without notice to preserve the *status quo* and prevent the irreparable injury caused by continued violations of the Act until a hearing can be held on a temporary injunction.

C. Asset Freeze and Accounting

Section 1-603(B)(2) of the Act specifically grants this Court the power to order an asset freeze and an accounting. An asset freeze is appropriate where restitution or disgorgement may be required. *Inter. Controls Corp. v. Vesco*, 490 F.2d 1334, 1337 (2nd Cir. 1974) (finding that “an asset freeze may be appropriate to assure compensation to those who are victims of a securities fraud”); *SEC v. Unifund SAL*, 910 F.2d 1028, 1041 (2nd Cir. 1990) (noting that “the [SEC] should be able to preserve its opportunity to collect funds that may yet be ordered disgorged”).

A proper showing for an asset freeze under federal securities law requires only (1) “a concern that defendants will dissipate their assets” and (2) “a basis to infer” defendants violated the statutes involved. *SEC v. Gonzalez de Castilla*, 145 F.Supp. 2d. 402, 415 (S.D.N.Y. 2001) (citing *Unifund SAL*, 910 F.2d at 1041). An asset freeze may be granted even where a proper showing for injunctive relief cannot be made. *Unifund SAL*, 910 F.2d at 1041.

An order for an accounting, in addition to an asset freeze and injunctive relief, may be appropriate to determine the amount of proceeds received from fraudulent acts, the current location of such proceeds, and the ability of defendants to repay investors. *SEC v. Margolin*, 1992 WL 279735 at *6 (S.D.N.Y. 1992).

As described above and in the Verified Petition, Defendants have engaged in acts and practices in violation of the Act and, as a result of these activities, have received a substantial amount of money from investors. The whereabouts of all of the money received by Defendants is not known at this time. As also described above and in the Verified Petition, Defendants have already misused a substantial amount of

investor funds, raising a concern that Defendants will further dissipate their assets to the detriment of investors. An order for an asset freeze is therefore appropriate and necessary to preserve remaining assets should the prayed for disgorgement and restitution be granted. An order for an accounting is also appropriate and necessary to determine the amount and whereabouts of money received and the ability of Defendants to repay investors.

V. Conclusion

The Department has shown a justifiable basis to believe Defendants have violated registration and fraud provisions of the Act, a reasonable likelihood of future violations by Defendants, a clear threat of immediate and irreparable injury, and a concern that Defendants will dissipate their assets. The Department has therefore made a proper showing for the issuance of a temporary restraining order without notice, an order for an asset freeze, an order for an accounting, and a temporary injunction.

In light of the facts presented and authorities cited, the Department respectfully requests that this Court enter, without notice, a temporary restraining order, an order for an asset freeze, and an order for an accounting, until the Court may afford the parties a hearing, and moves for the entry of a temporary injunction against Defendants at such hearing.

Respectfully submitted,

OKLAHOMA DEPARTMENT OF SECURITIES
Irving L. Faught, Administrator

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