

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

FILED IN DISTRICT COURT
OKLAHOMA COUNTY

DEC 31 2014
TIM RHODES
COURT CLERK
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Oklahoma Department of Securities)
ex rel. Irving L. Faught,)
Administrator,)
)
Plaintiff,)
)
v.)
)
Bruce J. Scambler,)
)
Defendant.)

Case No. CJ-2014-1346

MOTION FOR SUMMARY JUDGMENT

The Plaintiff, Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator (Department), moves the Court for summary judgment in its favor and against Defendant Bruce Scambler (Defendant Scambler) pursuant to Rule 13 of the Rules for the District Courts of Oklahoma, OKLA. STAT. ANN., Tit. 12, Ch. 2, App. 1.

There is no substantial controversy as to the material facts that Defendant Scambler, through an issuer under his control, has offered and sold securities in and from Oklahoma in violation of a cease and desist order issued by the Administrator of the Department (Administrator) pursuant to Section 1-604 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2004).

BACKGROUND

On June 8, 2009, Defendant Scambler, in resolution of an administrative proceeding brought against him by the Department for violations of the securities laws, agreed to the entry of a cease and desist order (Exhibit A, Cease & Desist Order) and to comply with all provisions of an agreement between himself and the Administrator

(Agreement). The Agreement and Cease & Desist Order related to the offer and sale of the securities of Merrick Operating Company (MOC). Specifically, Paragraph No. 3 of the Agreement states:

Registration Requirement. Respondents MOC and Scambler agree that neither they nor any issuer they control, nor any affiliate or subsidiary of such issuer, will offer and/or sell securities in and/or from Oklahoma for five (5) years from the Effective Date of this Agreement without the securities being registered under the Act or any successor act. Registration will be made regardless of the availability of any state or federal exemption or preemption that would otherwise be available, except as follows:

- (a) Securities of an issuer that is required to file reports under Section 13 of the Securities Exchange Act of 1934 and has complied shall not be subject to this proscription; and
- (b) Securities offered and/or sold in compliance with the exemptions provided by subsections (14) or (16) of Section 1-202 of the Act, or identical provisions of a successor act, shall not be subject to this proscription but shall only be offered or sold in and/or from Oklahoma after notice of the offering ("Notice") is provided to the Department and the Department notifies the issuer that the Department does not object to the proposed offering. Notice shall be given to the Department at least thirty (30) days prior to the anticipated date of the commencement of the offering. Notice shall include the terms and conditions of the offering and disclosure documents to be utilized in connection with such offering. At a minimum, each disclosure document shall contain the information required by Rule 502(b)(2) of Regulation D, promulgated under the Securities Act of 1933. The Notice must also reference that it is being filed in connection with ODS File No. 05-055. No fee will be required for the filing of the Notice.

On June 11, 2009, the Administrator issued an administrative order under Section 1-604 of the Act in which Defendant Scambler was ordered to cease and desist from engaging in violations of the Act or doing any act in furtherance thereof and to comply with all provisions of the Agreement. Defendant Scambler failed to comply with Paragraph No. 3 of the Agreement and is in violation of the Cease & Desist Order issued by the Administrator of the Department.

**STATEMENT OF MATERIAL FACTS
AS TO WHICH NO GENUINE ISSUE EXISTS**

1. Between August 2010 and March 2014 (the "Relevant Time Period"), Defendant Scambler and CanTex Energy Corp. (CanTex) offered and sold shares of the common stock of CanTex (CanTex Stock) in and from the state of Oklahoma. *See Declarations of Trace Maurin and Sawinder Hayre attached as Exhibits B ¶ 7 and C ¶ 7 and ¶ 9, respectively.*
2. During the Relevant Time Period, Defendant Scambler was Chairman of the Board of Directors and Chief Executive Officer (CEO) of CanTex and in control of CanTex. *See Declaration of Kaily Ball attached as Exhibit D ¶ 5 and Exhibit B ¶ 6.*
3. Harvey Bryant and Trace Maurin were the other board directors of CanTex. Neither Harvey Bryant nor Trace Maurin was in the Oklahoma City office on a daily basis. *See Exhibits B ¶ 5, ¶ 6 and D ¶ 2, ¶ 5.*
4. CanTex's principal office was located in Oklahoma City. *See Exhibits B ¶ 5, D ¶ 1, and Declaration of Brandt Dismukes attached as Exhibit E ¶ 4.*
5. While in the Oklahoma City office, Defendant Scambler held a conference call wherein he, as CEO of CanTex, offered CanTex investors additional shares of CanTex Stock. *See Exhibits C ¶ 8 and D ¶ 9.*
6. In September of 2010, Defendant Scambler offered Tejinder Grewal, a CanTex investor, additional CanTex Stock. The CanTex subscription agreement provided by Defendant Scambler to Mr. Grewal was for fifteen million (15,000,000) shares at .01 cent per share, for a total purchase price of \$150,000. Defendant

Scambler also included instructions for the subscription agreement to be returned to the CanTex office in Oklahoma. *See Declaration of Tejinder Grewal attached as Exhibit F ¶ 7, ¶ 8.*

7. On approximately September 30, 2010, Sawinder Hayre, a CanTex investor, called Defendant Scambler. During that telephone call, Defendant Scambler told Sawinder Hayre that CanTex needed money to get its financial statements prepared and offered to sell him additional shares of CanTex Stock for \$.01 per share. Sawinder Hayre declined Defendant Scambler's offer. *See Exhibit C ¶ 7.*
8. On other telephone calls between Sawinder Hayre and Defendant Scambler that occurred after the September 30th telephone call, Defendant Scambler offered to sell additional shares of CanTex Stock to Mr. Hayre. Sawinder Hayre never accepted Defendant Scambler's offers. *See Exhibit C ¶ 9.*
9. In October of 2010, Gary Berar, a CanTex investor, received a telephone call from Defendant Scambler and Harvey Bryant offering him additional shares of CanTex Stock. *See Declaration of Gary Berar, attached as Exhibit G ¶ 4.*
10. Subsequent to that telephone call, Gary Berar purchased 1.5 million shares of CanTex Stock. *See Exhibit G ¶ 5.*
11. Gary Berar wired \$15,000 for the 1.5 million shares of CanTex Stock to a CanTex bank account held at BancFirst in Oklahoma on October 14, 2010. *See Exhibit G ¶ 6.*
12. In January of 2011, Gary Berar received a stock certificate from CanTex signed by Harvey Bryant, as President, and Bruce Scambler, as CEO. *See Exhibit G ¶ 7.*

13. At all times material hereto, the CanTex Stock was not registered under the Act. *See Declaration of Ken Maillard, attached as Exhibit H.*
14. Shares of CanTex Stock have not been registered pursuant to the Securities Exchange Act of 1934. *See SEC Attestation, attached as Exhibit I.*
15. The Department did not receive notice of the offers and sales of the CanTex Stock pursuant to the Agreement. *See Declaration of Brenda London, attached as Exhibit J.*

ARGUMENT AND AUTHORITIES

I. PLAINTIFF IS ENTITLED TO SUMMARY JUDGMENT BECAUSE THERE IS NO SUBSTANTIAL CONTROVERSY AS TO MATERIAL FACTS

A case may be disposed of by summary judgment when there is no substantial controversy as to any material fact, or where only questions of law are involved. See Rule 13 of the Rules of the District Courts of Oklahoma; *City of Jenks v. Stone*, 2014 OK 11, 321 P.3d 179. Here, no issue exists as to any material fact, and the Plaintiff is entitled to judgment as a matter of law.

II. THE ADMINISTRATOR HAS THE AUTHORITY TO BRING THIS ACTION TO ENFORCE THE CEASE & DESIST ORDER

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 the Act *or an order issued under the 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 the Act or the order. See 1-603(A) of the Act; *Oklahoma Department of Securities ex rel. Irving L. Faught v. Blair*, 231 P.3d 645, 652.

The Cease & Desist Order is an order that was issued under the Act. See *Cease & Desist Order at p. 1* ("This Order is issued pursuant to...Section 1-604 of the Act"). In

the Cease & Desist Order, the Administrator ordered Defendant Scambler to cease and desist from engaging in violations of the Act or doing any act in furtherance thereof, and to comply with all provisions of the Agreement. Defendant Scambler did not comply with the Agreement. As a result, Defendant Scambler violated the Cease & Desist Order and should be enjoined from offering and selling securities in Oklahoma.

III. DEFENDANT IS IN VIOLATION OF THE CEASE & DESIST ORDER

Defendant Scambler agreed that he, and any issuer he controls, and any affiliate or subsidiary of such issuer, would not offer and/or sell securities in and/or from Oklahoma for five (5) years from the effective date of the Agreement—June 11, 2009—unless the securities were registered under the Act or met one of the two exceptions set forth in the Agreement. Defendant Scambler breached Paragraph 3 of the Agreement in violation of the Cease & Desist Order.

A. Defendant Scambler offered and sold securities and controlled an issuer of securities—CanTex—that offered and/or sold securities in and/or from Oklahoma within five years of the Agreement.

Within weeks of signing the Agreement, Defendant Scambler began to offer investors shares of stock in CanTex. These offers and sales were in violation of the Cease & Desist Order. Under the Agreement, Defendant Scambler was effectively prohibited from being in control of an issuer that was offering and/or selling securities within five years of the Agreement unless those securities were registered under the Act or met one of the two exceptions provided in the Agreement.

CanTex has issued securities—its stock—and is an “issuer” under the Act. Section 1-102(19) and (32) of the Act. CanTex, through Defendant Scambler, offered and sold securities within five years of the Agreement. Defendant controlled CanTex at the time of these offers and sales.

Defendant was in a relationship of control with CanTex. Under federal and state securities laws, the issue of control frequently arises when examining the relationship of two persons to determine if they are affiliated. See e.g. 17 C.F.R. § 230.144 (“An affiliate of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer.”) The issue of control also arises in determining whether a person was in control of a securities law violator and, as a result, subject to sanctions or control person liability. See e.g. Section 1-411(H) of the Act (authorizing the imposition of sanctions on a person who controls a violator of Section 1-411 of the Act); Section 1-509 (G)(1) of the Act (authorizing civil liability on a person who controls a violator of the Act). Federal securities laws provide guidance as to what “control” means in these contexts. See *Wilson v. Al McCord Inc.*, 858 F.2d 1469, 1474 (10th Cir. 1988) (using the meaning of “control” under federal securities laws to interpret its meaning under Oklahoma securities laws). In both contexts:

The term control (including the terms controlling, controlled by and under common control with) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

17 C.F.R. § 230.405 (2008); See e.g. *San Francisco-Okla. Petroleum Exploration Corp. v. Carstan Oil Co., Inc.*, 765 F.2d 962, 964 (10th Cir. 1988) (using the definition of “control” in 17 C.F.R. § 230.405 to determine whether a person was a “controlling person” that could be held liable for violations of the Securities Act of 1933); *SEC v. Kern*, 425 F.3d 143, 149-50 (2d Cir. 2005) (using the definition of “control” in 17 C.F.R. § 230.405 to determine whether a person was an affiliate for purposes of 17 C.F.R.

§ 230.144.) The concept of control is broad under the securities laws. *U.S. v. Corr*, 543 F.2d 1042, 1050 (2d Cir. 1976).

Its determination is a question of fact which depends upon the totality of the circumstances including an appraisal of the influence upon management and policies of a corporation by the person involved. Control may be exerted in other ways than by vote....and such control may rest with more than one person at the same time or from time to time.

Id. (internal citations omitted).

Defendant controlled CanTex. At the time of the offers and sales of the CanTex Stock, Defendant Scambler had the power to cause the direction of the management and policies of CanTex through his positions as the President, Chairman of the Board of Directors and CEO of CanTex and through the deference given to him by the other directors. Defendant Scambler dominated the affairs of CanTex and appeared to be the person in charge. The CanTex office was located in Oklahoma City, and Defendant Scambler controlled business activities from that location. The other directors did not participate in the daily operation of CanTex. The other directors gave control of CanTex to Defendant Scambler.

B. The CanTex Stock was offered and sold in violation of the registration requirement set forth in the Agreement.

The Agreement provided two limited exceptions under which Defendant Scambler, or an issuer under his control, could offer and sell securities in Oklahoma: a) if the securities were those of a public reporting company under the Exchange Act, and b) if the securities were sold in compliance with certain exemptions under the Act and notice was provided to the Department 30 days prior to the offer. At no time were shares of stock in CanTex registered under the Act or federal securities laws. Therefore, CanTex was not required to file reports under Section 13 of the Securities

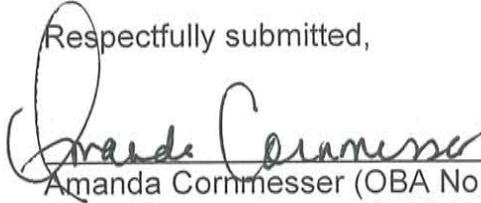
Exchange Act of 1934. Defendant Scambler's offers and sales of the CanTex Stock did not qualify for the first exclusion provided by the Agreement. Nor did the Department ever receive notice that Defendant Scambler was claiming an exemption under the Act in connection with the offers and sales of the CanTex Stock. Defendant Scambler's offers and sales of the CanTex Stock did not qualify for the second exclusion provided by the Agreement for securities sold under certain exemptions of the Act.

CONCLUSION

For the reasons stated above, the Department respectfully requests that its Motion for Summary Judgment be granted. There is unrefuted proof of Defendant Scambler continuing to offer and sell securities despite the Cease & Desist Order and Agreement making it necessary to grant an injunction. The continued operation of offering and selling stock by Defendant Scambler is harmful to the public as well as violative of the law. No issue exists as to any material fact, and thus, the Plaintiff is entitled to judgment as a matter of law.

Based on the foregoing facts and legal authority, this Court should grant summary judgment in favor of Plaintiff and against Defendant Scambler ordering a permanent injunction restraining and enjoining Defendant Scambler, and any issuer under his control, from directly or indirectly offering and/or selling any security in and/or from the state of Oklahoma; to pay a civil penalty payable to the Department in the amount of \$50,000; and such other equitable relief as the Court may deem necessary, just and proper in connection with the enforcement of the Act.

Respectfully submitted,



Amanda Cornmesser (OBA No. 20044)
Terra Shamas Bonnell (OBA No. 20838)
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, Oklahoma 73102
Telephone: (405) 280-7700
Fax: (405) 280-7742
Email: acornmesser@securities.ok.gov
tbonnell@securities.ok.gov

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 31st day of December, 2014, a true and correct copy of the above and foregoing *Motion for Summary Judgment* was mailed with postage prepaid thereon, addressed to:

Jeffrey D. Black, OBA #13847
Bonham & Howard
3555 N.W. 58th St., #1000
Oklahoma City, OK 73112
Attorney for Defendant



Amanda Cornmesser

IRVING L. FAUGHT
ADMINISTRATOR



MARY FALLIN
GOVERNOR

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES

CERTIFICATION OF COPY

The Undersigned hereby certifies that the attached is a full, true and complete copy of the *Order to Cease and Desist*, pertaining to Merrick Operating Company and Bruce J. Scambler, filed by the Administrator on June 11, 2009, In the Matter of: Merrick Energy Development LLC, *et al.*, ODS File No. 05-055, as maintained in the official files of the Oklahoma Department of Securities.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 9th day of June, 2014.

(SEAL)

Brenda London
Brenda London, Paralegal

Subscribed and sworn to before me this 9th day of June, 2014.

Lisa D. Halstied
Notary Public

(Seal)



STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER
120 N. ROBINSON, SUITE 860
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Merrick Energy Development, LLC,
Merrick Operating Company, now known as GO Energy Corp.,
Bruce J. Scambler, and
Jeff A. Berlin,

Respondents.

ODS File No. 05-055

ORDER TO CEASE AND DESIST

Pursuant to Section 405 of the Oklahoma Securities Act ("Predecessor Act"), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (2001 & Supp. 2003), and Section 1-602 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2004), the Enforcement Division of the Oklahoma Department of Securities ("Department") conducted an investigation into the activities of Merrick Energy Development, LLC ("MED"), Merrick Operating Company ("MOC"), Bruce J. Scambler ("Scambler"), and Jeff A. Berlin ("Berlin") (collectively, "Respondents"), in connection with the offer and/or sale of securities in and/or from the state of Oklahoma. Based thereon, an Enforcement Division Recommendation ("Recommendation") was filed with the Administrator of the Department ("Administrator") on March 4, 2009, in support of the imposition of sanctions against Respondents.

Without admitting or denying the Findings of Fact and Conclusions of Law set forth in the Recommendation, Respondents MOC and Scambler voluntarily executed the *Agreement Relating to Merrick Operating Company and Bruce J. Scambler* ("Agreement"), attached hereto as "Exhibit A" and incorporated herein by reference, and consented to the issuance of this *Order to Cease and Desist* ("Order").

This Order is issued pursuant to the Agreement, Section 1-604 of the Act, and 660:2-5-3 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (as amended July 1, 2007). For purposes of this Order, the Administrator adopts the Findings of Fact and Conclusions of Law set forth below.

Findings of Fact

1. The Administrator has jurisdiction over Respondents MOC and Scambler and the subject matter of this action.
2. Respondents MOC and Scambler voluntarily entered into the Agreement and consented to the issuance of this Order.

To the extent any of these Findings of Fact are more properly characterized as Conclusions of Law, they should be so considered.

Conclusions of Law

1. The Administrator was authorized to enter into the Agreement and is authorized to issue this Order pursuant to Section 1-411 of the Act and 660:2-5-3 of the Rules.

2. It is in the public interest for the Administrator to issue this Order.

To the extent any of these Conclusions of Law are more properly characterized as Findings of Fact, they should be so considered.

NOW THEREFORE, IT IS HEREBY ORDERED that Respondents MOC and Scambler cease and desist from engaging in violations of the Act or doing any act in furtherance thereof.

IT IS FURTHER ORDERED that Respondents MOC and Scambler comply with all other provisions of the Agreement.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 11th day of June, 2009.

(SEAL)



**IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES**

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 11th day of June, 2009, a true and correct copy of the above and foregoing *Order to Cease and Desist* was mailed by first class mail, with postage prepaid thereon, addressed to:

Mark A. Robertson
Robertson & Williams
3033 N.W. 63rd St., Ste. 200
Oklahoma City, OK 73116
(Counsel for Bruce Scambler and Merrick Operating Company)

Jeff Berlin
17330 W. Center Rd., Ste. 110
Omaha, NE 68130
(Pro Se)

Brenda London
Brenda London, Paralegal

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER
120 N. ROBINSON, SUITE 860
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Merrick Energy Development, LLC,
Merrick Operating Company, now known as GO Energy Corp.,
Bruce J. Scambler, and
Jeff A. Berlin,

Respondents.

ODS File No. 05-055

**AGREEMENT RELATING TO MERRICK OPERATING COMPANY
AND BRUCE J. SCAMBLER**

THIS AGREEMENT is entered into by and between Merrick Operating Company ("MOC"), now known as GO Energy Corp., Bruce J. Scambler ("Scambler"), and the Administrator ("Administrator") of the Oklahoma Department of Securities ("Department") as of the Effective Date set forth below.

Pursuant to Section 405 of the Oklahoma Securities Act ("Predecessor Act"), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (2001 & Supp. 2003), and Section 1-602 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2004), the Enforcement Division of the Department conducted an investigation into the activities of Merrick Energy Development, LLC ("MED"), MOC, Scambler, and Jeff A. Berlin ("Berlin") (collectively, "Respondents"), in connection with the offer and/or sale of securities in and/or from the state of Oklahoma. Based thereon, an Enforcement Division Recommendation ("Recommendation") was filed, in the above-captioned proceeding, with the Administrator on March 4, 2009, in support of the imposition of sanctions against Respondents. Respondents MOC and Scambler filed an answer and request for hearing on April 7, 2009.

Respondents MOC and Scambler desire to expeditiously settle this matter without the adjudication of any issue of law or fact and enters into this Agreement without admitting or denying the Findings of Fact and Conclusions of Law set forth in the Recommendation. Respondents MOC and Scambler voluntarily waive their right to a hearing provided by the Act, the Rules, and the Oklahoma Administrative Procedures Act, and any right to appeal.

The undersigned parties hereto agree as follows:

1. **Jurisdiction.** The Administrator has jurisdiction over Respondents MOC and Scambler and the subject matter of this action.

2. **Order.** The Administrator will issue an order in the form attached hereto as "Attachment A."

3. **Registration Requirement.** Respondents MOC and Scambler agree that neither they nor any issuer they control, nor any affiliate or subsidiary of such issuer, will offer and/or sell securities in and/or from Oklahoma for five (5) years from the Effective Date of this Agreement without the securities being registered under the Act or any successor act. Registration will be made regardless of the availability of any state or federal exemption or preemption that would otherwise be available, except as follows:

(a) Securities of an issuer that is required to file reports under Section 13 of the Securities Exchange Act of 1934 and has complied shall not be subject to this proscription; and

(b) Securities offered and/or sold in compliance with the exemptions provided by subsections (14) or (16) of Section 1-202 of the Act, or identical provisions of a successor act, shall not be subject to this proscription but shall only be offered or sold in and/or from Oklahoma after notice of the offering ("Notice") is provided to the Department and the Department notifies the issuer that the Department does not object to the proposed offering. Notice shall be given to the Department at least thirty (30) days prior to the anticipated date of the commencement of the offering. Notice shall include the terms and conditions of the offering and the disclosure documents to be utilized in connection with such offering. At a minimum, each disclosure document shall contain the information required by Rule 502(b)(2) of Regulation D, promulgated under the Securities Act of 1933. The Notice must also reference that it is being filed in connection with ODS File No. 05-055. No fee will be required for the filing of the Notice.

4. **No Coercion.** Respondents MOC and Scambler enter into this Agreement voluntarily and without any duress, undue influence, or coercion by the Administrator, any employee of the Department, or any member of the Oklahoma Securities Commission.

5. **Consideration.** In consideration for this Agreement, the Administrator will not take further action against Respondents MOC and Scambler in connection with the offer and/or sale of the membership interests in Merrick Energy Development, LLC, except as provided below in items 6 and 7.

6. **Limitation on Agreement.** Nothing in this Agreement shall prohibit the Administrator from furnishing information to any other properly constituted agency or authority. In the event any other agency or authority commences an action in connection with information obtained by the Administrator against Respondents MOC or Scambler, the Administrator may assist in such action as authorized by law.

7. **Failure to Comply.** If Respondents MOC or Scambler fail to comply with the terms of this Agreement in any material respect, the Administrator shall proceed against Respondents MOC and/or Scambler as authorized by law.

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8. **Entire Agreement.** This writing constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior and contemporaneous agreements, representations and understandings of the parties. No supplement, modification or amendment to this Agreement shall be binding unless executed in writing by each of the parties hereto.

9. **Effective Date.** This Agreement shall be effective as of the date on which it is signed by the Administrator as set forth below his signature hereto.

10. **Applicability.** This Agreement applies only to the activities of Respondents MOC and Scambler, in connection with the offer and/or sale of the membership interests in Merrick Energy Development, LLC, and to no others.

~~IN WITNESS WHEREOF~~, the parties have executed this Agreement as of the date and year set forth below their signatures hereto.

BRUCE J. SCAMBLER

Date: _____

8th June 2009

Address: _____

11300 N. Penn St 150

OKC OK 73120.

MERRICK OPERATING COMPANY (nka "GO ENERGY CORP.")

By: _____

Date: _____

8th June 2009.

Address: _____

11300 N. Penn St 150

OKC OK 73120

**IRVING L. FAUGHT, ADMINISTRATOR
OKLAHOMA DEPARTMENT OF SECURITIES**

Date: _____

6/11/09

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER
120 N. ROBINSON, SUITE 860
OKLAHOMA CITY, OKLAHOMA 73102

In the Matter of:

Merrick Energy Development, LLC,
Merrick Operating Company, now known as GO Energy Corp.,
Bruce J. Scambler, and
Jeff A. Berlin,

Respondents.

ODS File No. 05-055

ORDER TO CEASE AND DESIST

Pursuant to Section 405 of the Oklahoma Securities Act ("Predecessor Act"), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (2001 & Supp. 2003), and Section 1-602 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2004), the Enforcement Division of the Oklahoma Department of Securities ("Department") conducted an investigation into the activities of Merrick Energy Development, LLC ("MED"), Merrick Operating Company ("MOC"), Bruce J. Scambler ("Scambler"), and Jeff A. Berlin ("Berlin") (collectively, "Respondents"), in connection with the offer and/or sale of securities in and/or from the state of Oklahoma. Based thereon, an Enforcement Division Recommendation ("Recommendation") was filed with the Administrator of the Department ("Administrator") on March 4, 2009, in support of the imposition of sanctions against Respondents.

Without admitting or denying the Findings of Fact and Conclusions of Law set forth in the Recommendation, Respondents MOC and Scambler voluntarily executed the *Agreement Relating to Merrick Operating Company and Bruce J. Scambler* ("Agreement"), attached hereto as "Exhibit A" and incorporated herein by reference, and consented to the issuance of this *Order to Cease and Desist* ("Order").

This Order is issued pursuant to the Agreement, Section 1-604 of the Act, and 660:2-5-3 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (as amended July 1, 2007). For purposes of this Order, the Administrator adopts the Findings of Fact and Conclusions of Law set forth below.

Findings of Fact

1. The Administrator has jurisdiction over Respondents MOC and Scambler and the subject matter of this action.
2. Respondents MOC and Scambler voluntarily entered into the Agreement and consented to the issuance of this Order.

To the extent any of these Findings of Fact are more properly characterized as Conclusions of Law, they should be so considered.

Conclusions of Law

1. The Administrator was authorized to enter into the Agreement and is authorized to issue this Order pursuant to Section 1-411 of the Act and 660:2-5-3 of the Rules.

2. It is in the public interest for the Administrator to issue this Order.

To the extent any of these Conclusions of Law are more properly characterized as Findings of Fact, they should be so considered.

NOW THEREFORE, IT IS HEREBY ORDERED that Respondents MOC and Scambler cease and desist from engaging in violations of the Act or doing any act in furtherance thereof.

IT IS FURTHER ORDERED that Respondents MOC and Scambler comply with all other provisions of the Agreement.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this ____ day of June, 2009.

(SEAL)

**_____
IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES**

**DECLARATION OF TRACE MAURIN
PURSUANT TO 12 O.S. § 426**

I, Trace Maurin, of lawful age, hereby declare and state the following based on my personal knowledge:

1. I founded CanTex Energy Corporation ("CanTex") in 2005. At that time, CanTex's headquarters were located in San Antonio, Texas.
2. CanTex was in the business of oil and gas exploration in the United States.
3. CanTex was traded on the pink sheets under the ticker symbol CTXE.
4. In 2009, I met with Bruce Scambler and Harvey Bryant to discuss raising money for CanTex. Bruce Scambler and Harvey Bryant owned and operated Bedford Energy. Bedford Energy had producing wells. Bruce Scambler and Harvey Bryant proposed merging Bedford Energy with CanTex so that CanTex would generate income.
5. Shortly after the 2009 meeting, the CanTex office was moved to Oklahoma. I remained in San Antonio, Texas.
6. Bruce Scambler became Chief Executive Officer (CEO) of Cantex and controlled all of the operations and business of CanTex. Harvey Bryant and I were members of the board of directors.
7. While he was in control of CanTex, Bruce Scambler gifted, offered and sold shares of CanTex to investors and/or CanTex employees. Bruce Scambler never advised me, a member of the Board of Directors, that he was gifting, offering and selling CanTex stock.
8. Bruce Scambler never completed the merger between CanTex and Bedford Energy. Bruce Scambler gave many excuses for failing to finalize the merger.
9. In March of 2014, CanTex shareholders removed Bruce Scambler as CEO and President and replaced him with a new CEO and President.
10. CanTex has since merged with another company and now operates under the name of Arkose Energy Corp.

I declare under penalty of perjury under the laws of the state of Oklahoma that the foregoing is true and correct.

EXHIBIT

 B

Executed this 30th day of December, 2014, in San Antonio, Texas.

A handwritten signature in cursive script, appearing to read "Trace Maurin".

TRACE MAURIN

**DECLARATION OF SAWINDER HAYRE
PURSUANT TO 12 O.S. § 426**

I, Sawinder Hayre, of lawful age, hereby declare and state the following based on personal knowledge:

1. I am a resident of British Columbia, Canada. I own and operate a company that operates ATM machines.

2. I have been a shareholder of CanTex Energy Corporation since Dec./2005. CanTex is now known as "Arkose Energy Corporation," but I am going to refer to it as "CanTex" for purposes of this declaration. I currently own 2.06 Million shares of CanTex stock.

3. CanTex is in the business of oil and gas exploration in the United States.

4. From August 2010 until March, 2014, Bruce Scambler was the President, Chief Executive Officer and Chairman of the Board of Directors for CanTex. On March 14th, 2014, CanTex shareholders voted to remove Bruce Scambler from the Board of Directors of CanTex and from the positions of President and Chief Executive Officer. Bruce Scambler is not currently an officer or director of CanTex.

5. I first met Bruce Scambler on September 27, 2010, after he traveled to British Columbia to meet with CanTex shareholders Michael Sweatman, TJ Grewal, and me.

6. Bruce Scambler told me he was returning to Oklahoma on the day following the meeting.

7. On approximately September 30, 2010, I called Bruce Scambler at a telephone number with a 405 area code to thank him for taking the time to travel to Canada to meet with us and to let him know that I was looking forward to CanTex doing well. During that telephone call, Bruce Scambler told me that CanTex needed money to get its financial statements prepared and offered to sell me additional shares of stock in CanTex for \$.01 per share. I declined Bruce Scambler's offer.

8. I believe Bruce Scambler to have been located in Oklahoma at the time of that telephone call. This belief is based, in part, on his discussions with his secretary during the call.

9. On subsequent telephone calls, Bruce Scambler offered to sell me additional shares of stock in CanTex. I never accepted his offers.

EXHIBIT

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10. While Bruce Scambler was the President and Chief Executive Officer of CanTex, the principal office of CanTex was located in Oklahoma City, Oklahoma.

I declare under penalty of perjury under the laws of the state of Oklahoma that the foregoing is true and correct.

Executed this 28 day of August, 2014, in Surrey British Columbia, Canada.



SAWINDER HAYRE

**DECLARATION OF KAILY BALL
PURSUANT TO 12 O.S. § 426**

I, Kaily Ball, of lawful age, hereby declare and state the following based on personal knowledge:

1. I was an employee of CanTex Energy Corporation ("Cantex") in Oklahoma City, Oklahoma, from approximately August 12, 2010, until I resigned on approximately October 5, 2010. During that time period, I worked approximately 50 hours per week as the Executive Assistant to Bruce Scambler.
2. During my employment with CanTex, Bruce Scambler was Chairman of the Board of Directors, President and Chief Executive Officer (CEO) of CanTex; Harvey Bryant was a director of CanTex; and Trace Maurin was a director and Chief Operating Officer of CanTex.
3. In August of 2010, I received 40,000 shares of the common stock of CanTex as part of my employment compensation at the direction of Bruce Scambler. Shares were also issued to Harvey Bryant, Brandt, Bruce Scambler in addition to shares that were issued to multiple other companies that were also controlled by Bruce Scambler.
4. The shares referred to in item 3 were all decided on by Bruce Scambler who asked me, Kaily Ball, to prep the Cantex press release, documents and stock letters to each person who was issued shares. At that point Bruce Scambler used Harvey Bryant to issue these shares.
5. CanTex was totally controlled by Bruce Scambler. Harvey Bryant was rarely in the Oklahoma City office during my employment with CanTex. Trace Maurin was located in Texas and was responsible for the field operations for CanTex.
6. From the beginning Harvey Bryant focused his attention on his original company, Bedford Energy. Bruce Scambler did not disclose to any of us, including Harvey, that he could not issue any shares due to a cease and desist order.
7. During this time Bruce used myself and Harvey to finalize the CanTex Press Release and issuance of stocks. I prepped any correspondence and passed the list of individual to receive shares onto Harvey in order for him to issue the shares. I do not believe Harvey was aware of the cease and desist order.

EXHIBIT

 D

8. From CanTex's Oklahoma City office, I mailed correspondence from Bruce Scambler to investors, mineral right holders and potential shareholders. This included new jobsite proposals, investment portfolios, and any mineral rights letters.
9. While in the Oklahoma City office, I also sat in on a conference call wherein Bruce Scambler offered certain CanTex investors in Canada additional shares of stock in CanTex.
10. While working for CanTex I witnessed Bruce Scambler hack into a man's computer and stole shareholders personal information and the company's owner's personal information and asked me to type a letter he had personally scribed (including a photograph) in order to blackmail the owner in hopes to gain investments and/or additional shareholders for new wells from his competitors.
11. Due to multiple red flags including improper book keeping, numerous active law suits against over 15 companies Bruce was directly involved with, Coppermark Banks refusal to open accounts for Bruce, documentation that had been obtained from companies illegal via computer hacking, and lack of supporting documentation on new projects I no longer felt my professional reputation, ethics and morals fit well with his businesses.
12. At this point I reported the legality of Bruce Scambler's work on many issues to Harvey Bryant. He immediately contacted the company attorney who advised us to contact Kevin Markey with OSBI and to report it asap. After doing so I turned in my formal resignation to Harvey Bryant that took effect immediately.
13. I willingly turned over my iphone, laptop and forwarded many emails to the detectives. In addition to electronic records I also turned over what little amount of paperwork I was able to keep in my possession, including hand written requests from Bruce Scambler, to the OSBI.

I declare under penalty of perjury under the laws of the state of Oklahoma that the foregoing is true and correct.

Executed this 4 day of August, 2014, in Kingfisher, OK
City State

Kaily Ball
KAILY BALL

DECLARATION OF BRANDT DISMUKES
PURSUANT TO 12 O.S. § 426

I, Brandt Dismukes, of lawful age, hereby declare and state the following based on personal knowledge:

1. I am an Oklahoma resident.
2. I was an employee of CanTex Energy Corporation ("CanTex") in approximately August and September 2010.
3. When I became employed by CanTex, I received 40,000 shares of the common stock of CanTex as part of my employment compensation at the direction of Bruce Scambler.
4. During my employment at CanTex, Bruce Scambler was Chairman of the Board of Directors and Chief Executive Officer of CanTex; Bruce Scambler controlled CanTex; and CanTex operated from an office in Oklahoma City.

I declare under penalty of perjury under the laws of the state of Oklahoma that the foregoing is true and correct.

Executed this 10 day of September, 2014, in Oklahoma City Oklahoma.


BRANDT DISMUKES

EXHIBIT

E

**DECLARATION OF TEJINDER GREWAL
PURSUANT TO 12 O.S. § 426**

I, Tejinder (TJ) Grewal, of lawful age, hereby declare and state the following based on personal knowledge:

1. I am a resident of British Columbia, Canada. I own and operate TJ Oil, an oil and gas company.
2. CanTex Energy Corp. (CanTex) is in the business of oil and gas exploration in the United States.
3. I have been a shareholder of CanTex since 2010. CanTex is now known as "Arkose Energy Corporation," but for purposes of this declaration, I am going to refer to it as "CanTex." I currently own 15 ^{million} shares of CanTex stock.
4. From August 2010 until March 2014, Bruce Scambler was the President, Chief Executive Officer and Chairman of the Board of Directors for CanTex. On March 14, 2014, CanTex shareholders voted to remove Bruce Scambler from the CanTex Board of Directors and from the positions of President and Chief Executive Officer.
5. On or about September 27, 2010, I met with Bruce Scambler and two other CanTex investors in Vancouver, British Columbia, Canada.
6. Bruce Scambler told me he was returning to Oklahoma on the day following the meeting in Vancouver, British Columbia, Canada.
7. On or about September 27, 2010, I received a letter dated September 27, 2010, from Bruce Scambler, with a subscription agreement for additional CanTex stock. Copies of the letter and subscription agreement are attached hereto as Exhibit A. The subscription agreement was for the purchase of Fifteen Million (15,000,000) shares of CanTex at .01 cent per share, for a total purchase price of \$150,000. Bruce Scambler also included wire instructions for the stock purchase.
8. Bruce Scambler instructed me to return the subscription agreement to:

CanTex Energy Corp.
6301 Waterford Blvd., Suite 403
Oklahoma City, OK 73118

9. I did not return the subscription agreement or wire any funds to CanTex for these additional shares.

EXHIBIT

F

10. While Bruce Scambler was President, Chief Executive Officer and Chairman of the Board of Directors of CanTex, the principal office of CanTex was located in Oklahoma City, Oklahoma.

I declare under penalty of perjury under the laws of the state of Oklahoma that the foregoing is true and correct.

Executed this 12 day of August, 2014, in Prince George, BC Canada


Tejinder Grewal

**DECLARATION OF GARY BERAR
PURSUANT TO 12 O.S. § 426**

I, Gary Berar, of lawful age, hereby declare and state the following based on personal knowledge:

1. I am a resident of British Columbia, Canada.
2. CanTex Energy Corp. (CanTex) is in the business of oil and gas exploration in the United States.
3. CanTex is now known as "Arkose Energy Corporation," but for purposes of this declaration, I am going to refer to it as "CanTex."
4. In October of 2010, I received a telephone call from Bruce Scambler and Harvey Bryant offering me shares of stock in CanTex.
5. Subsequent to that phone call, I purchased 1.5 million shares of CanTex stock.
6. I wired \$15,000 USD to a CanTex bank account held at BancFirst in Oklahoma on October 14, 2010.
7. In January of 2011, I received a stock certificate from CanTex. Harvey Bryant, as President, and Bruce Scambler, as CEO, signed my stock certificate.

I declare under penalty of perjury under the laws of the state of Oklahoma that the foregoing is true and correct.

Executed this 30 day of October, 2014, in Vancouver.



Gary Berar

EXHIBIT

G

**DECLARATION OF KENNETH G. MAILLARD
PURSUANT TO 12 O.S. § 426**

I, Kenneth G. Maillard, hereby declare and state the following:

1. I am the Director of Registrations for the Oklahoma Department of Securities (the "Department").
2. I have conducted an examination of the registration and exemption files of the Department pertaining to current and past registrations and exemptions from registration for the offer or sale of securities in Oklahoma.
3. Nowhere within the registrations files of the Department did I find a record of an application for the registration of securities pursuant to the Oklahoma Uniform Securities Act of 2004, Okla. Stat. tit. 71, §§1-101 to 1-701 (2011), or the predecessor Oklahoma Securities Act repealed effective July 1, 2004 (the "Acts"), for Bruce J. Scambler or CanTex Energy Corporation.
4. Nowhere within the registration files of the Department did I find a record of a registration of securities for Bruce J. Scambler or CanTex Energy Corporation, pursuant to the Acts.
5. Nowhere within the exemption files of the Department did I find a record of a notice of intent to claim exemption from registration of securities or a request for an order of exemption, for Bruce J. Scambler or CanTex Energy Corporation, pursuant to the Acts.

I declare under penalty of perjury under the laws of the United States of America and of the state of Oklahoma that the foregoing is true and correct.

Executed on this 10th day of June, 2014, in Oklahoma City, Oklahoma.

(SEAL)



Kenneth G. Maillard
DIRECTOR OF REGISTRATIONS
OKLAHOMA DEPARTMENT OF SECURITIES
First National Center, Suite 860
120 North Robinson
Oklahoma City, Oklahoma 73102
(405) 280-7700

EXHIBIT

H



UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION

ATTESTATION

I HEREBY ATTEST

that:

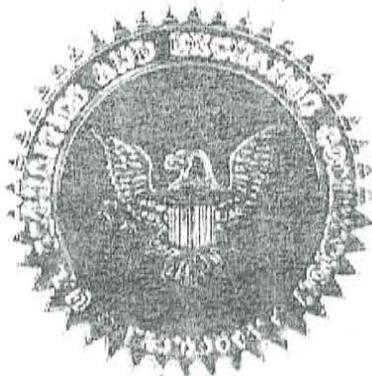
A diligent search has this day been made of the records and files of this Commission and the records and files do not disclose that any registration statements have been received in this Commission, under the name of CanTex Energy Corp., pursuant to the provisions of any of the Acts administered by the Commission.

on file in this Commission

July 9, 2014

Date

Larry Mills, Management and Program Analyst



It is hereby certified that the Secretary of the U.S. Securities and Exchange Commission, Washington, DC, which Commission was created by the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is official custodian of the records and files of said Commission and was such official custodian at the time of executing the above attestation, and that he/she, and persons holding the positions of Deputy Secretary, Assistant Director, Records Officer, Branch Chief of Records Management, and the Program Analyst for the Records Officer, or anyone of them, are authorized to execute the above attestation.

For the Commission

Deputy Secretary

EXHIBIT

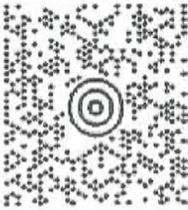
I

UPS CampusShip: View/Print Label

1. Ensure there are no other shipping or tracking labels attached to your package. Select the Print button on the print dialog box that appears. Note: If your browser does not support this function select Print from the File menu to print the label.
2. Fold the printed sheet containing the label at the line so that the entire shipping label is visible. Place the label on a single side of the package and cover it completely with clear plastic shipping tape. Do not cover any seams or closures on the package with the label. Place the label in a UPS Shipping Pouch. If you do not have a pouch, affix the folded label using clear plastic shipping tape over the entire label.
3. GETTING YOUR SHIPMENT TO UPS
 UPS locations include the UPS Store®, UPS drop boxes, UPS customer centers, authorized retail outlets and UPS drivers. Schedule a same day or future day Pickup to have a UPS driver pickup all your CampusShip packages. Hand the package to any UPS driver in your area. Take your package to any location of The UPS Store®, UPS Drop Box, UPS Customer Center, UPS Alliances (Office Depot® or Staples®) or Authorized Shipping Outlet near you. Items sent via UPS Return Services(SM) (including via Ground) are also accepted at Drop Boxes. To find the location nearest you, please visit the Resources area of CampusShip and select UPS Locations.

Customers with a Daily Pickup
 Your driver will pickup your shipment(s) as usual.

FOLD HERE

<p>1 LBS</p> <p>1 OF 1</p> <p>ANTHONY ABBOTT 2025517505 SEC CORPORATE HQ 100 F ST NE WASHINGTON DC 20549</p> <p>SHIP TO: TERRA BONNELL 4052807715 SUITE 860 120 N. ROBINSON AVE. OKLAHOMA CITY OK 73102-7509</p>	<p>OK 731 9-22</p>  	<p>UPS GROUND</p> <p>TRACKING #: 1Z A41 W65 03 9826 4533</p>		<p>BILLING: P/P</p> <p>Reference #: 1: C-2014-1119</p> <p>CS 14.5.31. NONTIERS 03.04 04/2014 </p>
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**DECLARATION OF BRENDA LONDON
PURSUANT TO 12 O.S. § 426**

I, Brenda London, hereby declare and state the following:

1. I am a Paralegal for the Oklahoma Department of Securities (the "Department"). I am also the Custodian of Records for the Enforcement Division of the Department.

2. I have conducted a diligent search of the Enforcement Division's records relating to *In the Matter of Merrick Energy Development, LLC; ODS File No. 05-055*.

3. Nowhere within the Enforcement Division's records relating to ODS File No. 05-055, did I find a notice of an offering of securities by Bruce J. Scambler or CanTex Energy Corporation.

4. I have also conducted a diligent search of the Department's log of all incoming mail ("Mail Log").

5. The Department's Mail Log is an on-going record of all mail received by the Department. The Mail Log is regularly updated each business day at or near the time the mail is delivered by an employee of the Department with knowledge of the Department's receipt of the mail and its contents.

6. Nowhere within the Mail Log did I find a record of the Department's receipt of a notice of an offering of securities by Bruce J. Scambler or CanTex Energy Corporation.

I state under penalty of perjury under the laws of Oklahoma that the foregoing is true and correct.

Executed on this 16th day of June, 2014, in Oklahoma City, Oklahoma.

(SEAL)

Brenda London

Brenda London

PARALEGAL

OKLAHOMA DEPARTMENT OF SECURITIES

First National Center, Suite 860

120 North Robinson

Oklahoma City, Oklahoma 73102

(405) 280-7700

EXHIBIT

J