

FILED IN DISTRICT COURT  
OKLAHOMA COUNTY

IN THE DISTRICT COURT OF OKLAHOMA COUNTY  
STATE OF OKLAHOMA

OCT 24 2016

RICK WARREN  
COURT CLERK

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Oklahoma Department of Securities )  
*ex rel.* Irving L. Faught, )  
Administrator, )  
 )  
Plaintiff, )  
 )  
v. )  
 )  
Andrew Wayne Naugher, )  
 )  
Defendant. )

Case No.

CJ - 2016 - 5428

**PETITION FOR PERMANENT INJUNCTION**  
**AND OTHER EQUITABLE RELIEF**

COMES NOW the Plaintiff, Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator, ("Department"), and for its claims against the above-named Defendant, alleges and states as follows:

**OVERVIEW**

1. This case involves violations of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011), by Andrew Wayne Naugher ("Defendant"). Specifically, the Department alleges that Defendant offered and sold unregistered securities in violation of Section 1-301 of the Act, acted as an unregistered agent in violation of Section 1-402 of the Act and omitted to state material facts in connection with the offer, sale, and/or purchase of securities in violation of Section 1-501 of the Act.

## JURISDICTION

2. The Administrator of the Department brings this action pursuant to Section 1-603 of the Act and is the proper party to bring this action against Defendant.

3. Pursuant to Sections 1-102 and 1-610 of the Act, Defendant, in connection with their activities in the offer, sale, and purchase of securities, are subject to the provisions of the Act. By virtue of his transaction of business by contract and otherwise and commission of other acts in this state, Defendant is subject to the jurisdiction of this Court and to service of summons within or outside of this state.

4. Venue is proper in this county.

5. Defendant has engaged in acts and practices in violation of the Act. Unless enjoined, Defendant may continue to engage in the acts and practices set forth herein and acts and practices of similar purport and object.

## DEFENDANT

6. Andrew Wayne Naugher (Naugher) is a resident of Tulsa, Oklahoma who, at all times material hereto, controlled Let's Dance Media, Inc.

## NATURE OF THE CASE

### **The Sound Relief Charity Fundraising Concert Event**

7. Let's Dance Media Inc. (LDMI) is a Nevada corporation that, at all times material hereto, maintained its principal place of business in Tulsa, Oklahoma.

8. For at least 20 years Naugher has been engaged in the business of providing public relations and/or marketing services. In 2008, Defendant began soliciting investments for the promotion of what was described as a disaster relief charity concert event benefitting an Oklahoma based national charitable organization (the "Sound Relief Concert").

9. In connection with the solicitation of the investments, Naugher provided potential investors with written materials ( the "Offering Documents") describing the date, time and location of the Sound Relief Concert and stating that it was being presented by LDMI and an entity managed by Defendant's brother. The Offering Documents included projected financial statements and an "Investor Financing Agreement" describing the terms of the investment.

10. Defendant described the investment as a "mini-annuity" whereby investor returns would be guaranteed through the use of an escrow account. The Investor Financing Agreement provided that investor money would not be used until certain specified events occurred relating to the actual performance of the Sound Relief Concert. The Investor Financing Agreement also provided that investors would receive an initial 100 percent return of the amount invested within 45 days following the Sound Relief Concert plus two percent of event revenue from what are described as "first funds" meaning revenue from ticket sales (the "Sound Relief Investments").

11. Contrary to the escrow representations in the Offering Documents, investor money was not placed into an escrow account. Within days of receipt, portions of the money provided by investors were transferred to a standard business checking account held in the name of LDMI and withdrawn by Naugher.

12. As time passed Naugher provided various explanations for why the Sound Relief Concert had not occurred. The account into which investor money was deposited was depleted and the Sound Relief Concert never occurred.

**Professional Dysphagia Specialists, Inc.**

13. Beginning in 2011, Naugher solicited investments in a mobile medical testing business.

14. In connection with the offering, Defendant provided potential investors with what was described as an "Executive Summary." The Executive Summary stated that funding was being sought through an offering of sixty percent of the common stock of the entity. The Executive Summary stated that investors could expect a 20 percent return on investment (ROI). The Executive Summary further described the benefits to patients of a mobile clinic, the lack of competition in the target market, and the various types of revenue streams, primarily Medicare and Medicaid, available to PDSI. The Executive Summary represented that PDSI expected annual revenue in excess of \$5 million within five years.

15. The Executive Summary contained no general or specific risk factors associated with the business or the investment. The Executive Summary failed to include any general risk factors and costs for liability and malpractice insurance, general or administrative expenses, taxes, regulatory requirements or even costs of commercial vehicle insurance coverage. The Executive Summary omitted risk factors relating to possible changes or decreases in Medicare or Medicaid reimbursement rates or fluctuations in revenue that may result from private insurance coverage rates.

## FIRST CAUSE OF ACTION

### (Violation of Section 1-301 of the Act: Offering and/or Selling Unregistered Securities)

16. Plaintiff realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 15 above.

17. The Sound Relief Investments and the PDSI common stock offered and sold by Defendant are securities as defined by Section 1-102 of the Act.

18. The securities offered and sold by Defendant were not registered under the Act.

19. By reason of the foregoing, Defendant has violated Section 1-301 of the Act, and unless enjoined, may continue to violate the Act.

## SECOND CAUSE OF ACTION

### (Violation of Section 1-402 of the Act: Acting as an Unregistered Agent)

20. Plaintiff realleges and incorporates by reference each and every allegation contained in the preceding cause of action.

21. Sound Relief and PDSI are issuers as defined by Section 1-102 of the Act.

22. Defendant, by effecting or attempting to effect purchases or sales of the issuers' securities, is an agent as defined by Section 1-102 of the Act.

23. At all times material hereto, Defendant was not registered in any capacity under the Act.

24. Defendant transacted business in this state as an unregistered agent.

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

### **THIRD CAUSE OF ACTION**

#### **(Violation of Section 1-501 of the Act: Making Untrue Statements of Material Facts and Omitting to State Material Facts )**

26. The Department realleges and incorporates by reference each and every allegation contained in the preceding cause of action.

27. Defendant, in connection with the offer, sale, or purchase of securities, and through the acts and practices described in paragraphs 8 through 15 above have made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

28. By reason of the foregoing, Defendant, directly and indirectly, has violated, and unless enjoined, may continue to violate Section 1-501 of the Act.

#### **PRAYER FOR RELIEF**

Defendant has engaged in acts and practices in violation of the Act and has, as a result of these activities, received a substantial amount of money from investors. Unless enjoined, Defendant may continue to engage in the acts and practices set forth herein and acts and practices of similar purport and object.

WHEREFORE, based upon the foregoing, and pursuant to the authority specifically granted by Section 1-603 of the Act, the Department prays for the court to grant a permanent injunction enjoining Defendant from directly or indirectly, issuing, offering and/or selling securities in and/or from the state of Oklahoma and enjoining Defendant from transacting business as an agent, broker-dealer, investment adviser and/or investment adviser representative as defined under the Act, in and/or from the state of Oklahoma.

Respectfully submitted,

OKLAHOMA DEPARTMENT OF SECURITIES  
Irving L. Faught, Administrator

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