

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA**

In Re:)	
)	
MATTHEW GRADY STORY)	
CARI LEANNE STORY)	Case No. 2:11-bk-46296-BB
)	Chapter 7
Debtors.)	
)	
)	
OKLAHOMA DEPARTMENT OF SECURITIES,)	
<i>ex rel.</i> IRVING L. FAUGHT,)	
)	
Plaintiff,)	
)	
vs.)	Adv. No. 2:11-ap-03139-BB
)	
MATTHEW GRADY STORY,)	
)	
Defendant.)	

COMPLAINT TO DETERMINE DISCHARGEABILITY OF DEBT
UNDER 11 USC § 523(a)(2) and (19)

The Oklahoma Department of Securities (Department) on its own behalf brings this adversary proceeding to determine the non-dischargeability of its unliquidated claim for restitution, and respectfully alleges:

1. This is an adversary proceeding seeking to determine the dischargeability of a debt under 11 U.S.C. § 523(a)(2) and (19).
2. This Court has jurisdiction over this proceeding pursuant to 28 U.S.C. § 157(b)(1).
3. This is a core proceeding under 28 U.S.C. § 157(b)(2)(I).
4. On August 25, 2011, the above named debtor, Matthew Grady Story, defendant herein, filed a petition for relief under Chapter 7 of Title 11, United States Code.

OBJECTION TO DISCHARGEABILITY OF DEBT

5. On April 10, 2009, the Department filed a civil action in the state of Oklahoma, District Court of Oklahoma County, against Matthew G. Story (Story); two companies controlled by Story, Storybook Properties, LLC and Storybook Investments WA, LLC (collectively, "Storybook Defendants"); and two individuals employed by the Storybook Defendants, alleging that they engaged in a fraudulent scheme to promote and distribute securities in the nature of investment notes. A copy of the Department's petition in that action (Securities Fraud Petition) is attached as Exhibit A, and is incorporated herein by reference.
6. The Securities Fraud Petition alleged that Story improperly raised money through sales of unregistered securities. The Securities Fraud Petition further alleged that Story did not use the investment proceeds as represented to investors, but rather used those funds to pay back earlier investors in a classic "Ponzi" scheme.
7. On April 17, 2009, Robert G. McCampbell and Kristin L. Huffaker of the firm Crowe & Dunlevy entered an appearance on behalf of Story and the Storybook Defendants.
8. On April 21, 2009, the Oklahoma County District Court issued a *Temporary Restraining Order and Order for Accounting Regarding Storybook Defendants* including Story.
9. On May 26, 2009, Story's attorney filed an answer on behalf of the Storybook Defendants in which he states that "Storybook Properties and Storybook

Investments hold valid and sufficient assets that more than cover the investments made into those entities.”

10. On October 7, 2009, the Department filed an *Emergency Application for Appointment of Receiver* (Application) stating that Story had raised over \$6,000,000 from Oklahoma investors by fraudulent methods including, but not limited to, misstatements about the security of their investment. A copy of the Department’s Application is attached as Exhibit B, and is incorporated herein by reference.
11. A Receiver was appointed by the Oklahoma County District Court on October 7, 2009.
12. On October 15, 2009, the Oklahoma County District Court issued an order allowing counsel for Story to withdraw from the case pursuant to Story’s request. The order notified Story that he had thirty (30) days to secure counsel or to enter an appearance to represent himself and that failure to do so might result in a default judgment.
13. On December 2, 2009, a motion for default judgment was filed against Story due to his failure to obtain counsel or file an entry of appearance *pro se*.
14. On January 7, 2010, the Court entered a default judgment against Story and the Storybook Defendants deeming the allegations in the Plaintiff’s Securities Fraud Petition to be true, enjoining Story from offering and/or selling securities and requiring payment of restitution by Story in the sum of Six Million Two Hundred Thirty-Seven Thousand Three Hundred Sixty-Three Dollars and Thirty

Eight Cents (\$6,237,363.38). A copy of the order is attached as Exhibit C, and incorporated herein by reference.

15. Story's liability to the Department for restitution constitutes a debt for money obtained by false pretenses, false representations, or actual fraud and is, therefore, not dischargeable pursuant to 11 U.S.C. § 523(a)(2)(A).

16. Story's liability to the Department for restitution constitutes a debt for the violation of state securities laws and/or common law fraud, deceit or manipulation in connection with the purchase or sale of a security and results from a judgment, order, consent decree, or decree entered in a state judicial proceeding and is, therefore, not dischargeable pursuant to 11 U.S.C. § 523(a)(19).

WHEREFORE, Plaintiff respectfully requests this Court enter an order:

- (1) determining that its \$6,237,363.38 judgment against Story is non-dischargeable under 11 U.S.C. § 523(a)(2)(A) and (a)(19); and
- (2) granting such other relief as the Court deems just and proper.

Respectfully submitted,

Oklahoma Department of Securities


Patricia A. Labarthe OBA #10391

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Oklahoma Department of Securities

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IN THE DISTRICT COURT OF OKLAHOMA COUNTY IN THE DISTRICT COURT
STATE OF OKLAHOMA OKLAHOMA COUNTY, OKLA.

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

APR 10 2009
PATRICIA PRESLEY, COURT CLERK
by _____
DEPUTY

v.)

Case No. CJ 2009-2773

Global West Funding, Ltd., Co.,)
an Oklahoma limited liability company;)
Global West Financial LLC,)
an Oklahoma limited liability company;)
Sure Lock Financial, LLC,)
an Oklahoma limited liability company;)
Sure Lock Loans LLC, an Oklahoma)
limited liability company;)
The Wave-Goldmade, Ltd.,)
an unincorporated association;)
Brian McKye, an individual;)
Joe Don Johnson, an individual; and)
James Farnham, an individual,)

Defendants,)

and)

Heritage Estate Service LLC,)
an Oklahoma limited liability company,)

Relief Defendant.)

FIRST AMENDMENT TO PETITION FOR PERMANENT INJUNCTION

AND OTHER EQUITABLE RELIEF

Plaintiff, Oklahoma Department of Securities, *ex rel.* Irving L. Faught, ("Department"),
relleges and incorporates by reference the allegations and causes of action cited in Paragraphs 1
through 39 of the Petition for Permanent Injunction and Other Equitable Relief filed herein and
attached hereto as Exhibit "A" ("Petition"), and further alleges and states as follows:

EXHIBIT
 A

OVERVIEW

1. This case involves violations of the Oklahoma Uniform Securities Act of 2004 (the "Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), by Global West Funding, Ltd., Co., Global West Financial LLC, Sure Lock Financial, LLC, Sure Lock Loans LLC, The Wave-Goldmade Ltd., Heritate Estate Service LLC, Storybook Properties, LLC, Storybook Investments WA LLC, Brian McKye, Joe Don Johnson, James Farnham and Matthew G. Story (collectively, "Defendants"). Specifically, the Department alleges Defendants have offered and sold unregistered securities in violation of Section 1-301 of the Act, failed to register as a broker-dealer in violation of Section 1-401 of the Act, failed to register as an agent in violation of Section 1-402 of the Act, employed unregistered agents in violation of Section 1-402 of the Act, and/or perpetrated a fraud in connection with the offer, sale or purchase of securities in violation of Section 1-501 of the Act.

2. As alleged below, Defendants are operating a "ponzi" scheme. The term "ponzi scheme" refers to an investment scheme whereby returns to investors are financed, not through the success of an underlying business venture, but from the principal sums of newly attracted investors. Initial investors are paid the promised returns, thereby attracting additional investors who lose their principal when the scheme eventually collapses.

JURISDICTION

3. Plaintiff brings this action pursuant to Section 1-603 of the Act and is the proper party to bring this action against Defendants.

4. Pursuant to Sections 1-102 and 1-610 of the Act, Defendants, in connection with their activities in the offer and/or sale of securities in and/or from this state, are subject to the provisions of the Act. By virtue of their activities in this state, as described herein, Defendants

are subject to the jurisdiction of this Court and to service of summons within this state and outside of this state.

5. Venue is proper in this county.

ADDITIONAL DEFENDANTS

6. Heritage Estate Service LLC ("Heritage") is an Oklahoma limited liability company with its principal place of business in Oklahoma City, Oklahoma. At all times material hereto, Heritage offered and/or sold securities in and/or from Oklahoma as described herein. Heritage was previously named as a Relief Defendant in the Petition but further investigation revealed actual offers and sales of securities by Heritage. Defendant Joe Don Johnson controls all acts of Heritage.

7. Storybook Properties, LLC ("Storybook Properties") is a California limited liability company with its principal place of business in California. At all times material hereto, Storybook Properties issued, offered and/or sold securities in and/or from Oklahoma as described herein.

8. Storybook Investments WA LLC ("Storybook WA") is a Washington limited liability company and purportedly a division of Storybook Properties. At all times material hereto, Storybook WA issued, offered and/or sold securities in and/or from Oklahoma as described herein.

9. Matthew G. Story ("Story"), an individual and California resident, is the registered agent and principal of Storybook Properties and is the Managing Member of Storybook WA. At all times material hereto, Story offered and/or sold securities in and/or from the state of Oklahoma as described herein.

EXPANDED NATURE OF THE CASE

Heritage Estate Service LLC

10. From an indeterminate time to the present, Heritage and Johnson have engaged in the issuance, offer and/or sale of securities in and/or from the state of Oklahoma to Investors in the nature of the Investment Notes issued by Defendants Global West Funding, Ltd., Co., Global West Financial, LLC, Sure Lock Financial, LLC, Sure Lock Loans LLC.

11. Like the other Defendants, Heritage represents to Investors that interest will be paid monthly in sums of between eight percent (8%) and nineteen percent (19%), for a period of sixty (60) months; that Investors have "100% total control" of their money; that the investments are secured by real estate notes and are risk free; and that no commissions will be paid on the transactions. Heritage utilizes the same sales materials as the other Defendants.

12. From an indeterminate time to the present, Heritage received commissions on the sale of the Investment Notes.

Storybook Properties, LLC

13. From an indeterminate time to the present, Storybook Properties, Storybook WA, Story, Johnson and Farnham ("Storybook Defendants") have engaged in the issuance, offer and/or sale of securities in and/or from the state of Oklahoma to investors ("Storybook Investors") in the nature of promissory notes issued by Storybook Properties and Storybook WA ("Storybook Investment Notes"). To purchase a Storybook Investment Note, Storybook Properties and Storybook Investors sign an "Agreement and Promissory Note Earned Interest Compounding" ("Agreement") provided by the Storybook Defendants.

14. Storybook Properties represents that it will provide a guaranteed minimum investment return of between 8% and 15% over a five year period. The return is to be paid in monthly payments or compounded annually. Storybook Defendants represent that the Storybook

Investments Notes are secured by “over-collateralized” investments in real property. Storybook Defendants represent that they do not pay or receive commissions on the transactions. The sales materials of Storybook Properties state that a Storybook Investor must give a sixty (60) day notice to withdraw their funds early, however, Storybook Properties “can usually replace your money with another investor’s in a matter of just a few days or weeks.”

15. Storybook Defendants offered to at least one Oklahoma resident free guaranteed elder care in a Storybook Properties “independent or assisted living campus.” This offer is purportedly valid “as long as [the Oklahoma resident is] a Storybook Investor.”

FIRST CAUSE OF ACTION AGAINST ADDITIONAL DEFENDANTS

(Violation of Section 1-301 of the Act: Offer and/or Sale of Unregistered Securities)

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

17. The Storybook Investment Notes are securities as defined by Section 1-102 of the Act.

18. The securities offered and sold by Defendant Heritage and the Storybook Defendants are not and have not been registered under the Act nor have the securities been offered or sold pursuant to an exemption from registration under Sections 1-201 through 1-203 of the Act.

19. By reason of the foregoing, Defendant Heritage and the Storybook Defendants have violated, are violating, and unless enjoined, will continue to violate Section 1-301 of the Act.

SECOND CAUSE OF ACTION AGAINST ADDITIONAL DEFENDANTS

**(Violation of Section 1-401 of the Act:
Failure to Register as Broker-Dealer)**

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

21. Defendant Heritage is not registered in any capacity under the Act.

22. Defendant Heritage, by virtue of its efforts and activities in transacting business in and/or from this state, is a broker-dealer, as defined in Section 1-102 of the Act. Defendant Heritage transacted and is transacting business in and/or from this state as a broker-dealer without benefit of registration under the Act.

23. By reason of the foregoing, Defendant Heritage has violated, is violating, and unless enjoined, will continue to violate Section 1-401 of the Act.

THIRD CAUSE OF ACTION AGAINST ADDITIONAL DEFENDANTS

**(Violation of Section 1-402 of the Act:
Failure to Register as Agent and Employing Unregistered Agents)**

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

25. Defendant Story is not registered in any capacity under the Act.

26. Defendant Story, by virtue of his efforts and activities in transacting business in and/or from this state, is an agent, as defined in Section 1-102 of the Act. Defendant Story transacted and is transacting business in and/or from this state as an agent without benefit of registration under the Act.

27. Defendants Storybook Properties and Storybook WA are issuers as defined in Section 1-102 of the Act. Defendants Storybook Properties and Storybook WA employed agents

who were not registered under the Act to effect or attempt to effect purchases or sales of such issuers' securities in and/or from this state.

28. By reason of the foregoing, the Storybook Defendants have violated, are violating, and unless enjoined, will continue to violate Section 1-402 of the Act.

FOURTH CAUSE OF ACTION AGAINST ADDITIONAL DEFENDANTS

(Violation of Section 1-501 of the Act: Untrue Statements of Material Fact and Omissions of Material Fact in Connection With Offer, Sale or Purchase of Securities)

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

30. Defendants Heritage and Johnson, in connection with the offer and/or sale of securities, directly and indirectly, made and are making untrue statements of material fact including, but not limited to, the following matters:

- a. that Investors would receive guaranteed profits or returns on the Investment Notes in the nature of interest of between 8% and 19% when, in fact, Defendants have not invested the Investors' funds in any manner to generate such profits or returns;
- b. that the Investment Notes were secured by real estate when no real estate secures the Notes;
- c. that no commissions were paid for the Investment Notes when Defendants withdrew significant Investor funds for personal payments to Defendants;
- d. that Investors have "100% total control" of their money when Investors have no input after the Investment Note is purchased and Investors must rely completely on the judgment and discretion of the Defendants for the promised profit; and
- e. that Defendants have specialized knowledge and expertise to make the investments profitable when no action is taken by Defendants from which profit can be earned.

31. Defendants Heritage and Johnson, in connection with the offer and/or sale of securities, directly and indirectly, omitted and is omitting to state material facts necessary in

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

- a. any general or specific risk factors associated with the Investment Notes;
- b. that the Investment Notes are securities under the Act;
- c. that the Investment Notes have not been and are not registered under the Act;
- d. that the individuals who offer and sell the Investment Notes were not and are not registered as agents under the Act; and
- e. that Defendants would use Investor funds for the payment of personal expenses of the Defendants and for interest payments to earlier Investors.

32. The Storybook Defendants, in connection with the offer and/or sale of securities, directly and indirectly, made and are making untrue statements of material fact including, but not limited to, the following matters:

- a. that Storybook Investors will receive guaranteed profits or returns on the Storybook Investment Notes in the nature of interest of between 8% and 15% when, in fact, the Storybook Defendants have not invested the Storybook Investors' funds in any manner to generate such profits or returns;
- b. that the Storybook Investment Notes were secured by real estate when no real estate secures the Storybook Investment Notes; and
- c. that no commissions are paid for the Storybook Investment Notes.

33. The Storybook Defendants, in connection with the offer and/or sale of securities, directly and indirectly, omitted and are omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were and are made, not misleading including, but not limited to, the following matters:

- a. any general or specific risk factors associated with the Storybook Investment Notes;
- b. that the Storybook Investment Notes are securities under the Act;
- c. that the Storybook Investment Notes have not been and are not registered under the Act; and

d. that the individuals who offer and sell the Storybook Investment Notes were not and are not registered as broker-dealers or agents under the Act.

34. By reason of the foregoing, Defendants Heritage and Johnson and the Storybook Defendants, directly and indirectly, have violated, are violating, and unless enjoined, will continue to violate Section 1-501 of the Act.

FIFTH CAUSE OF ACTION AGAINST ADDITIONAL DEFENDANTS

(Violation of Section 1-501 of the Act: Engaging in any Act, Practice, or Course of Business Which Operates or Would Operate as a Fraud or Deceit upon any Person)

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

36. Defendants Heritage and Johnson and the Storybook Defendants, in connection with the offer and/or sale of securities, and through the use of the untrue statements of material fact and the omissions of material fact described above, have engaged and are engaging in an act, practice, or course of business that has operated and continues to operate as a fraud or deceit upon Investors and Storybook Investors.

37. By reason of the foregoing, Defendant Heritage and the Storybook Defendants, directly and indirectly, have violated, are violating, and unless enjoined, will continue to violate Section 1-501 of the Act.

PRAYER FOR RELIEF

Defendant Heritage and the Storybook Defendants have engaged in acts and practices in violation of the Act and have, as a result of these activities, received a substantial amount of money from investors. Unless enjoined, Defendant Heritage and the Storybook Defendants will continue to engage in the acts and practices set forth herein and acts and practices of similar purport and object. A danger exists that the money received by Defendant Heritage and the

Storybook Defendants from investors or money or securities held by Defendant Heritage and the Storybook Defendants on behalf of investors will be lost, removed or transferred. A temporary restraining order to issue *instanter* and temporary and permanent injunctions to issue against Defendant Heritage and the Storybook Defendants are necessary to preserve the money received and money or securities held, to preserve the records relating thereto and to prevent further violations of the Act.

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 the following relief:

I.

A temporary restraining order to issue *instanter* and temporary and permanent injunctions, restraining and enjoining Defendant Heritage and the Storybook Defendants, their agents, servants, employees, assigns and all those persons, directly or indirectly, acting on their behalf, under their direction and control, and/or in active concert or participation with them, who receive actual notice of the restraining order or temporary and/or permanent injunctions, by personal service, facsimile or otherwise, and each of them from offering and selling any security in and/or from this state including, but not limited to, the Investment Notes and/or the Storybook Investment Notes;

II.

An order *instanter* prohibiting Defendant Heritage and the Storybook Defendants, their agents, servants, employees, assigns and all those persons, directly or indirectly, acting on their behalf, under their direction and control, and/or in active concert or participation with them, who receive actual notice of the order, by personal service, facsimile or otherwise, and each of them from tampering with, mutilating, altering, erasing, concealing, removing, destroying or otherwise

disposing of any and all books, records, documents, files, correspondence, computer disks, tapes or other data recordings of any type, pertaining to or referring to Defendant Heritage and the Storybook Defendants, the Investment Notes and/or the Storybook Investment Notes, or any other financial transactions by Defendant Heritage and the Storybook Defendants or to which Defendant Heritage and the Storybook Defendants were or are parties;

III.

An order *instanter* prohibiting Defendant Heritage and the Storybook Defendants, their agents, servants, employees, assigns and all those persons, directly or indirectly, acting on their behalf, under their direction and control, and/or in active concert or participation with them, who receive actual notice of the order, by personal service, facsimile or otherwise, and each of them from directly or indirectly, transferring, withdrawing, concealing, removing, destroying, or otherwise disposing of any and all assets;

IV.

An order *instanter* requiring Defendant Heritage and the Storybook Defendants to file with this Court and to serve on Plaintiff, within fifteen (15) days of the filing of this First Amendment To Petition for Permanent Injunction and Other Equitable Relief, an accounting, under oath, detailing all of their assets and detailing all funds received from investors and the disposition and/or use of those funds;

V.

An order requiring Defendant Heritage and the Storybook Defendants to make restitution to any and all Investors and Storybook Investors who purchased securities from Defendant Heritage and the Storybook Defendants or who transferred money to them for the purpose of purchasing the Investment Notes and Storybook Investment Notes or otherwise making investments on their behalf;

VI.

An order requiring Defendant Heritage and the Storybook Defendants, their agents, servants, employees, assigns, and all persons, directly or indirectly, acting on their behalf, under their direction and control, and/or in active concert or participation with them, to disgorge all ill-gotten gains;

VII.

An order imposing a civil penalty against Defendant Heritage and the Storybook Defendants in the amount of Fifty Thousand Dollars (\$50,000.00) each; and

VIII.

Such other equitable relief as the Court may deem necessary, just and proper in connection with the enforcement of the Act.

Respectfully submitted,

OKLAHOMA DEPARTMENT OF SECURITIES
Irving L. Faught, Administrator

By:

Patricia A. Labarthe, OBA #10391
Jennifer Shaw, OBA # 20839
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, Oklahoma 73102
(405) 280-7700

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA) SS.

Irving Faught, of lawful age, being first duly sworn deposes and says: that he is the Administrator of the Oklahoma Department of Securities, that he has read the foregoing First Amendment to Petition for Permanent Injunction and Other Equitable Relief and knows the contents thereof, and that the matters and things stated therein have been provided to him by staff members of the Department under his authority and direction, and are true and correct to the best of his knowledge, information and belief.

(SEAL)



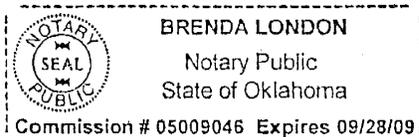
IRVING I. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES
120 North Robinson, Suite 860
Oklahoma City, Oklahoma 73102
(405) 280-7700

Subscribed and sworn to before me this 10th day of April, 2009.

(NOTARIAL SEAL)



Notary Public



IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

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

Plaintiff,)

v.)

Global West Funding, Ltd., Co.,)
an Oklahoma limited liability company;)
Global West Financial LLC,)
an Oklahoma limited liability company;)
Sure Lock Financial, LLC,)
an Oklahoma limited liability company;)
Sure Lock Loans LLC, an Oklahoma)
limited liability company;)
The Wave-Goldmade, Ltd.,)
an unincorporated association;)
Brian McKye, an individual;)
Joe Don Johnson, an individual; and)
James Farnham, an individual,)

Defendants,)

and)

Heritage Estate Service LLC,)
an Oklahoma limited liability company,)

Relief Defendant.)

FILED IN THE DISTRICT COURT
OKLAHOMA COUNTY, OKLA.

MAR 24 2009

PATRICIA PRESLEY, COURT CLERK

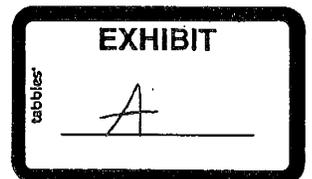
by _____
DEPUTY

Case No.

CJ -2009-2773

PETITION FOR PERMANENT INJUNCTION
AND OTHER EQUITABLE RELIEF

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



OVERVIEW

1. This case involves violations of the Oklahoma Uniform Securities Act of 2004 (the "Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), by Global West Funding, Ltd., Co., Global West Financial LLC, Sure Lock Financial, LLC, Sure Lock Loans LLC, The Wave-Goldmade Ltd., Brian McKye, Joe Don Johnson and James Farnham (collectively, "Defendants"). Specifically, the Department alleges Defendants have offered and sold unregistered securities in violation of Section 1-301 of the Act, failed to register as agents in violation of Section 1-402 of the Act, employed unregistered agents in violation of Section 1-402 of the Act, and/or perpetrated a fraud in connection with the offer, sale or purchase of securities in violation of Section 1-501 of the Act.

2. As alleged below, Defendants are operating a "ponzi" scheme. The term "ponzi scheme" refers to an investment scheme whereby returns to investors are financed, not through the success of an underlying business venture, but from the principal sums of newly attracted investors. Initial investors are paid the promised returns, thereby attracting additional investors who lose their principal when the scheme eventually collapses.

3. Heritage Estate Services, LLC ("Heritage" or "Relief Defendant") received cash and other property, and/or controls property, that are the proceeds, or are traceable to the proceeds, of the unlawful activities of Defendants, as alleged herein (collectively, "Investor Assets").

JURISDICTION

4. Plaintiff brings this action pursuant to Section 1-603 of the Act and is the proper party to bring this action against Defendants.

5. Pursuant to Sections 1-102 and 1-610 of the Act, Defendants, in connection with their activities in the offer and/or sale of securities in and/or from this state, are subject to the provisions of the Act. By virtue of their activities in this state, as described herein, Defendants are subject to the jurisdiction of this Court and to service of summons within this state and outside of this state.

6. Venue is proper in this county.

DEFENDANTS

7. Global West Funding, Ltd., Co. ("GW Funding") is an Oklahoma limited liability company, with its principal place of business in Oklahoma City, Oklahoma. At all times material hereto, GW Funding issued, offered and/or sold securities in and/or from Oklahoma as described herein.

8. Global West Financial LLC ("GW Financial") is an Oklahoma limited liability company, with its principal place of business in Oklahoma City, Oklahoma. At all times material hereto, GW Financial issued, offered and/or sold securities in and/or from Oklahoma as described herein.

9. Sure Lock Financial, LLC ("Sure Lock Financial") is an Oklahoma limited liability company, with its principal place of business in Oklahoma City, Oklahoma. At all times material hereto, Sure Lock Financial issued, offered and/or sold securities in and/or from Oklahoma as described herein.

10. Sure Lock Loans LLC ("Sure Lock Loans") is an Oklahoma limited liability company, with its principal place of business in Oklahoma City, Oklahoma. At all times material hereto, Sure Lock Loans issued, offered and/or sold securities in and/or from Oklahoma as described herein.

11. The Wave-Goldmade, Ltd. ("TW Goldmade") is an unincorporated association, with its principal place of business in Oklahoma City, Oklahoma. At all times material hereto, TW Goldmade issued, offered and/or sold securities in and/or from Oklahoma as described herein.

12. Brian McKye ("McKye"), an individual and Oklahoma resident, is the registered agent of GW Funding, GW Financial, Sure Lock Financial and Sure Lock Loans and controls all acts of GW Funding, GW Financial, Sure Lock Financial and Sure Lock Loans. McKye controls all acts of TW Goldmade. At all times material hereto, McKye offered and/or sold securities in and/or from Oklahoma as described herein.

13. Joe Don Johnson ("Johnson"), an individual and Oklahoma resident, was an agent of Defendants and the Relief Defendant. At all times material hereto, Johnson offered and/or sold securities in and/or from Oklahoma.

14. James Farnham ("Farnham"), an individual and Oklahoma resident, was an agent of Defendants and the Relief Defendant. At all times material hereto, Farnham offered and/or sold securities in and/or from Oklahoma.

RELIEF DEFENDANT

15. Heritage Estate Service, LLC ("Heritage"), an Oklahoma limited liability company, is an affiliate of Defendants. At all times material hereto, Heritage received large amounts of money and property from Defendants.

NATURE OF THE CASE

16. From an indeterminate time to the present, Defendants have engaged in the issuance, offer and/or sale of securities in and/or from the state of Oklahoma to investors ("Investors") in the nature of notes ("Investment Notes"). To purchase an Investment Note,

Defendants and Investors sign a "Premium 60 Account Agreement" (Agreement) provided by the Defendants. The Investment Notes are issued by GW Funding, GW Financial, Sure Lock Financial and/or Sure Lock Loans.

17. Defendants represent to Investors that interest will be paid monthly in sums of between eight percent (8%) and nineteen percent (19%), for a period of sixty (60) months. Defendants state that Investors have "100% total control" of their money. Defendants represent that the investments are secured by real estate notes and are risk free. Defendants purport to pay no commissions on the transactions. The sales materials of Defendants state that Defendant Global West Funding has an "IRS approved program to perform rollovers on traditional, Roth IRAs and/or 401K accounts." Defendants' sales materials offer and promote the opportunity for Investors to reinvest the interest earned on their investments for even greater earnings.

18. Defendants have not generated revenue from the Investor funds to cover the interest payments required by the Investment Notes. At all times material hereto, Defendants used funds received from more recent Investors to make payments to earlier Investors. Defendants have also spent Investor funds for the payment of business and personal expenses of the Defendants unrelated to the generation of legitimate investment revenue.

19. Since September, 2007, Investor funds totaling in excess of Two Million Dollars (\$2,000,000) have been deposited into an account at Bank of America in the name of Global West Funding, Ltd.

20. From an indeterminate time to the present, Relief Defendant received Investor funds from Defendants in the nature of cash for purported trust financing and commissions.

FIRST CAUSE OF ACTION AGAINST DEFENDANTS

(Violation of Section 1-301 of the Act: Offer and/or Sale of Unregistered Securities)

21. Plaintiff realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 20 above.

22. The Investment Notes are securities as defined by Section 1-102 of the Act.

23. The securities offered and sold by Defendants are not and have not been registered under the Act nor have the securities been offered or sold pursuant to an exemption from registration under Sections 1-201 through 1-203 of the Act.

24. By reason of the foregoing, Defendants have violated, are violating, and unless enjoined, will continue to violate Section 1-301 of the Act.

SECOND CAUSE OF ACTION AGAINST DEFENDANTS

(Violation of Section 1-402 of the Act: Failure to Register as Agents and Employing Unregistered Agents)

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

26. Defendants McKye, Johnson and Farnham are not registered in any capacity under the Act.

27. Defendants McKye, Johnson and Farnham, by virtue of their efforts and activities in transacting business in and/or from this state, are agents, as defined in Section 1-102 of the Act. Defendants McKye, Johnson and Farnham transacted and are transacting business in and/or from this state as agents without benefit of registration under the Act.

28. Defendants GW Funding, GW Financial, Sure Lock Financial, LLC, and Sure Lock Loans LLC, are issuers as defined in Section 1-102 of the Act. Defendants GW Funding, GW Financial, Sure Lock Financial, LLC, and Sure Lock Loans LLC, employed agents who were not registered under the Act to effect or attempt to effect purchases or sales of such issuers' securities in and/or from this state.

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

THIRD CAUSE OF ACTION AGAINST DEFENDANTS

(Violation of Section 1-501 of the Act: Untrue Statements of Material Fact and Omissions of Material Fact in Connection With Offer, Sale or Purchase of Securities)

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

31. Defendants, in connection with the offer and/or sale of securities, directly and indirectly, made and are making untrue statements of material fact including, but not limited to, the following matters:

- a. that Defendants would provide guaranteed profits or returns on the Investment Notes in the nature of interest of between 8% and 19% when, in fact, Defendants have not invested the Investors' funds in any manner to generate such profits or returns;
- b. that the Investment Notes were secured by real estate when no real estate secures the Notes;
- c. that no commissions were paid for the Investment Notes when Defendants withdrew significant Investor funds for personal payments to Defendants and the Relief Defendant;
- d. that Investors have "100% total control" of their money when Investors have no input after the Investment Note is purchased and Investors must rely completely on the judgment and discretion of the Defendants for the promised profit; and

e. that Defendants have specialized knowledge and expertise to make the investments profitable when no action is taken by Defendants from which profit can be earned.

32. Defendants, in connection with the offer and/or sale of securities, directly and indirectly, omitted and are omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were and are made, not misleading including, but not limited to, the following matters:

- a. any general or specific risk factors associated with the Investment Notes;
- b. that the Investment Notes are securities under the Act;
- c. that the Investment Notes have not been and are not registered under the Act;
- d. that the individuals who offer and sell the Investment Notes were not and are not registered as agents under the Act; and
- e. that Defendants would use Investor funds for the payment of personal expenses of the Defendants and for interest payments to earlier Investors.

33. By reason of the foregoing, Defendants, directly and indirectly, have violated, are violating, and unless enjoined, will continue to violate Section 1-501 of the Act.

FOURTH CAUSE OF ACTION AGAINST DEFENDANTS

**(Violation of Section 1-501 of the Act:
Engaging in any Act, Practice, or Course of Business Which Operates or
Would Operate as a Fraud or Deceit upon any Person)**

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

35. Defendants, in connection with the offer and/or sale of securities, and through the use of untrue statements of material fact and the omissions of material fact described above, have

engaged and are engaging in an act, practice, or course of business that has operated and continues to operate as a fraud or deceit upon Investors.

36. By reason of the foregoing, Defendants, directly and indirectly, have violated, are violating, and unless enjoined, will continue to violate Section 1-501 of the Act.

FIRST CAUSE OF ACTION AGAINST RELIEF DEFENDANT

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

38. Relief Defendant has received Investor Assets from one or more of the Defendants.

39. Relief Defendant has received and/or holds Investor Assets as part of and in furtherance of the securities violations alleged above. Under the circumstances, it is not just, equitable or conscionable for Relief Defendant to retain the Investor Assets. As a result, Relief Defendant has been unjustly enriched.

PRAYER FOR RELIEF

Defendants have engaged in acts and practices in violation of the Act and have, as a result of these activities, received a substantial amount of money from Investors. Unless enjoined, Defendants will continue to engage in the acts and practices set forth herein and acts and practices of similar purport and object. A danger exists that the money received by Defendants from the Investors or money or securities held by Defendants on behalf of the Investors will be lost, removed or transferred. A temporary restraining order to issue *instanter* and temporary and permanent injunctions to issue against Defendants are necessary to preserve the money received and money or securities held, to preserve the records relating thereto and to prevent further violations of the Act.

Relief Defendant received a substantial amount of Investor Assets. A danger exists that such Investor Assets will be lost, removed or transferred. An order to issue *instanter* against Relief Defendant is necessary to preserve the Investor Assets, and the records relating thereto.

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 the following relief:

I.

A temporary restraining order to issue *instanter* and temporary and permanent injunctions, restraining and enjoining the Defendants, their agents, servants, employees, assigns and all those persons, directly or indirectly, acting on their behalf, under their direction and control, and/or in active concert or participation with them, who receive actual notice of the restraining order or temporary and/or permanent injunctions, by personal service, facsimile or otherwise, and each of them from offering and selling any security in and/or from this state including, but not limited to, the Investment Notes;

II.

An order *instanter* prohibiting Defendants, Relief Defendant, their agents, servants, employees, assigns and all those persons, directly or indirectly, acting on their behalf, under their direction and control, and/or in active concert or participation with them, who receive actual notice of the order, by personal service, facsimile or otherwise, and each of them from tampering with, mutilating, altering, erasing, concealing, removing, destroying or otherwise disposing of any and all books, records, documents, files, correspondence, computer disks, tapes or other data recordings of any type, pertaining to or referring to Defendants and/or the Investment Notes, or any other financial transactions by Defendants or to which Defendants were parties;

III.

An order *instanter* freezing the assets of Defendants and Relief Defendant and ordering that all banks, depository institutions, brokerage firms, or other financial institutions comply with the Court's order;

IV.

An order *instanter* prohibiting Defendants, Relief Defendant, their agents, servants, employees, assigns and all those persons, directly or indirectly, acting on their behalf, under their direction and control, and/or in active concert or participation with them, who receive actual notice of the order, by personal service, facsimile or otherwise, and each of them from directly or indirectly, transferring, withdrawing, concealing, removing, destroying, or otherwise disposing of any and all assets;

V.

An order *instanter* requiring Defendants to file with this Court and to serve on Plaintiff, within fifteen (15) days of the filing of this Petition, an accounting, under oath, detailing all of their assets and detailing all funds received from Investors and the disposition and/or use of those funds; and an order *instanter* requiring the Relief Defendant to file with this Court and to serve on Plaintiff, within fifteen (15) days of the filing of the Petition, an accounting, under oath, detailing all Investor funds received or held by the Relief Defendant, and detailing the disposition and/or use of those Investor funds;

VI.

An order requiring Defendants to make restitution to any and all Investors who purchased securities from Defendants or who transferred money to Defendants for the purpose of purchasing the Investment Notes or otherwise making investments on their behalf;

VII.

An order requiring Defendants, their agents, servants, employees, assigns, and all persons, directly or indirectly, acting on their behalf, under their direction and control, and/or in active concert or participation with them, to disgorge all ill-gotten gains; and an order requiring the Relief Defendant, and all persons, directly or indirectly, acting on its behalf, under its direction and control, and/or in active concert or participation with it, to disgorge any and all Investor funds received or held by the Relief Defendant, for which the Relief Defendant gave little or no consideration, or to which the Relief Defendant has no legitimate claim;

VIII.

An order imposing a civil penalty against Defendants in the amount of Fifty Thousand Dollars (\$50,000.00) each; and

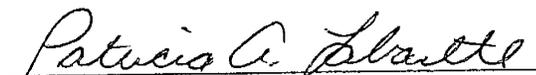
IX.

Such other equitable relief as the Court may deem necessary, just and proper in connection with the enforcement of the Act.

Respectfully submitted,

OKLAHOMA DEPARTMENT OF SECURITIES
Irving L. Faught, Administrator

By:



Patricia A. Labarthe, OBA #10391
Jennifer Shaw, OBA # 20839
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, Oklahoma 73102
(405) 280-7700

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA) SS.

Irving Faught, of lawful age, being first duly sworn deposes and says: that he is the Administrator of the Oklahoma Department of Securities, that he has read the foregoing Petition for Permanent Injunction and Other Equitable Relief and knows the contents thereof, and that the matters and things stated therein have been provided to him by staff members of the Department under his authority and direction, and are true and correct to the best of his knowledge, information and belief.

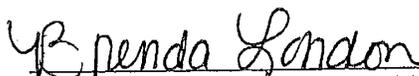
(SEAL)



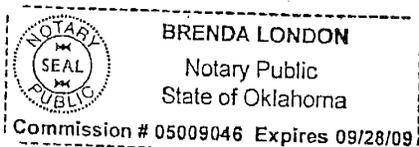
IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES
120 North Robinson, Suite 860
Oklahoma City, Oklahoma 73102
(405) 280-7700

Subscribed and sworn to before me this 24th day of March, 2009.

(NOTARIAL SEAL)



Notary Public



IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

OKLAHOMA DEPARTMENT OF
SECURITIES, *ex. rel.* Irving L. Faught,
Administrator,

Plaintiff,

vs.

Storybook Properties, LLC,
a California limited liability company;
Storybook Investments WA, LLC,
a Washington limited liability company;
Matthew G. Story, an individual;
Joe Don Johnson, an individual; and
James Farnham, an individual,

Defendants.

Case No. CJ-2009-7957

FILED IN THE DISTRICT COURT
OKLAHOMA COUNTY, OKLA.

OCT 07 2009

PATRICIA PRESLEY, COURT CLERK

by _____
DEPUTY

EMERGENCY APPLICATION FOR
APPOINTMENT OF RECEIVER

Plaintiff, Oklahoma Department of Securities, *ex rel.* Irving L. Faught, Administrator, ("Department"), respectfully submits this application for the appointment of a receiver pursuant to the authority granted by Section 1-603 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003). The application is necessary to protect the rights of the Department in its obligation to safeguard the public interest; to prevent irreparable loss, damage or injury to investors who were sold investment notes by Storybook Properties, LLC (Storybook Properties), Storybook Investments WA, LLC (Storybook WA), and/or Matthew G. Story (Story) (collectively, "Storybook Defendants") or any of their affiliates; to avoid the misapplication of funds and other assets; and to remedy the violations of the Act alleged in Plaintiff's *First Amendment to Petition for Permanent Injunction and Other Equitable Relief* (Amended Petition). In support of this application, the Department states:

EXHIBIT

B

BACKGROUND

1. On April 20, 2009, this Court issued a *Temporary Restraining Order and Order for Accounting Regarding Storybook Defendants* thereby restraining the Storybook Defendants from offering or selling any security in and/or from this state including, but not limited to, the investment notes. The Court also ordered the Storybook Defendants to provide Plaintiff with an accounting, under oath, detailing all of their assets and detailing all funds received from investors, clients, and/or other Defendants, and the disposition and/or use of those funds received pursuant to the scheme described in the Plaintiff's Amended Petition.

2. The Storybook Defendants represented to investors that their investments would be "over-collateralized" and therefore, fully secure.

3. In addition, the Storybook Defendants represented to investors that there is an investor protection fund created through an insurance policy written by Genworth Life and Annuity Insurance Company in the amount of \$4,000,000. In fact, the policy, with a face value of \$2,000,000, is on the life of Matthew Story and his wife is the named beneficiary.

4. The Storybook Defendants provided Plaintiff with an accounting as of April 1, 2009, that lists multiple properties purportedly owned by the Storybook Defendants in Tulsa, Oklahoma. In addition, the accounting lists the property or properties purportedly securing each investment. The Storybook Defendants listed \$6,237,363.38 of liabilities relating to Oklahoma investors, \$17,766,346.20 in total assets, and a net worth of \$11,504,216.73.

5. Upon further investigation, to include a search of the records of the Tulsa County Clerk's office, Plaintiff has learned the following:

- a. that the investments of many investors are under-collateralized, if collateralized at all;

- b. that certain of the properties that the Storybook Defendants represent to be security or collateral for investments are not owned by the Storybook Defendants;
- c. that the investments of multiple investors are secured by the same property the value of which is dramatically less than the cumulative amount of the investors' investments purportedly secured by such property; and
- d. that the Storybook Defendants did not record certain deeds or mortgages until after the date the Amended Petition was filed, if at all.

6. The Storybook Defendants have represented to multiple investors that their investments are secured by a particular property in Stillwater, Oklahoma; however, this property is not owned by the Storybook Defendants. In addition, the Storybook Defendants' accounting submitted to Plaintiff reflects that the Storybook Defendants own the Stillwater property and values the property at \$1,051,762.50. In an attempt to acquire this property, the Storybook Defendants have recently offered to trade certain Tulsa County properties purportedly securing investments, for the Stillwater, Oklahoma property.

7. Since the filing of the Amended Petition, the Storybook Defendants have convinced numerous investors to accept a property in the state of Washington as security for their investments. The Washington property is not owned by Storybook Defendants.

8. Story has also provided a letter to at least one Oklahoma investor who requested redemption of her investment that states the following:

I'm writing to address your request for redemption on your investment with us. I apologize for the delay in fulfilling your request, but we're forced to liquidate Oklahoma property in a very difficult economic time, in order to fulfill your request for cash.

We have a large part of our portfolio of properties for sale in Oklahoma, and we're listing the properties at significant discounts to their underlying value in an effort to raise cash quickly to fulfill your request redemption; and in the process, we're sacrificing much of the companies [sic] hard earned value.

9. Two monthly interest checks written to an Oklahoma investor, on one of the Storybook Defendants' Tulsa National Bank accounts, have been returned by the bank for insufficient funds.

10. Story mailed a letter to investors dated October 1, 2009, that states the following:

Unfortunately, Storybook Investments and Storybook Properties, LLC is unable to continue serving its debt to you, other investors and its creditors. Although cash is not available to make payments, the collateral property has real value that underlies your investment. Because you hold a mortgage interest in real property, to recapture your investment may require a foreclosure process on the collateral real estate. Storybook will, over the next two weeks, send to you reconveyance documents that will give you an unfettered right to foreclose your interest on the property or properties. Storybook may also be able to facilitate investor possession of title to properties by Deed in Lieu of Foreclosure or other methods, in order to ease and expedite your process. This process may occur under the supervision of a Federal Bankruptcy Trustee and is currently being evaluated.

ARGUMENT AND AUTHORITIES

The violations of the Act, as described in Plaintiff's Amended Petition, give the Department the right to seek one or more of the remedies available by statute and in equity. *Oklahoma Securities Commission v. CFR International, Inc.*, 622 P.2d 293,295 (Okla. Ct. App. 1980). One such remedy is that of the appointment of a receiver.

The appointment of a receiver was not believed by Plaintiff to be necessary at the time the Amended Petition was filed. However, numerous events occurring since the entry of the Order now make the appointment of a receiver necessary. As described in detail above, the Storybook investments are under-collateralized, if collateralized at all; the investors have been

misled about the value of the properties purportedly securing their investments; and the Storybook Defendants are now financially unable to service their debt.

In *SEC v. American Bd. Of Trade, Inc.*, 830 F.2d 431 (2d Cir. 1987), the court, quoting *SEC v. Manor Nursing Centers, Inc.* 458 F.2d 1082, 1105 (2d. Cir, 1972), stated that the primary purpose of the appointment of a receiver is to help "preserve the status quo while the various transactions [are] unraveled." *Id.* at 436. In circumstances of egregious fraud where the interests of public investors are in substantial jeopardy, it has been recognized that the appointment of a receiver is necessary to prevent "diversion or waste of assets to the detriment of those for whose benefit, in some measure, the injunction action is brought." *Securities and Exchange Commission v. Capital Counselors, Inc.*, 332 F. Supp. 291, 304 (S.D. N.Y. 1971).

The form and quantum of evidence required is a matter of judicial discretion. *U.S. v. O'Connor*, 291 F.2d 520 (2d Cir. 1961); *Haase v. Chapman*, 308 F.Supp. 399 (W.D.Mo. 1969). There is no definitive list of facts by which the Court must abide; however, the Sixth Circuit in *Tennessee Pub. Co. v. Carpenter*, 100 F.2d 728 (6th Cir. 1938), identified factors which can be considered, most of which are applicable here and justify the appointment of a receiver over the Storybook Defendants' assets:

Factors typically influencing the district court's exercise of discretion include the existence of a valid claim by the moving party; the probability that fraudulent conduct has occurred or will occur to frustrate the claim; imminent danger that property will be lost, concealed, or diminished in value; inadequacy of legal remedies; lack of a less drastic equitable remedy; and the likelihood that appointment of a receiver will do more harm than good.

Id. at 732.

CONCLUSION

Plaintiff believes that a receiver is needed in this matter to take possession of all real and personal property, to collect debts, to compromise debts, to make transfers, and to perform any other act with respect to the assets in receivership as the Court may authorize. Therefore, Plaintiff requests the appointment of a receiver over all assets located in the state of Oklahoma belonging to the Storybook Defendants and/or their affiliates including, but not limited to, EZ-TO-BUY Homes, LP, an Oklahoma limited partnership, to include monies, securities and properties, real and personal, tangible and intangible, of whatever kind and description; and all other assets belonging to the Storybook Defendants and/or their affiliates, wherever located if paid for, in whole or in part, with Oklahoma investor funds, to include monies, securities and properties, real and personal, tangible and intangible, of whatever kind and description (collectively, "Storybook Defendants' Assets"), with direction and authority as follows:

- a. to take immediate custody, possession and control of any and all Storybook Defendants' Assets, as well as any records or documents relating to the Storybook Defendants' Assets including, but not limited to, bank statements, checkbooks, and invoices previously paid or currently owed;
- b. to conserve, hold, and manage all Storybook Defendants' Assets, pending further action by this Court in order to prevent any irreparable loss, damage, or injury; to conserve and prevent the withdrawal or misapplication of funds entrusted to the Storybook Defendants and/or their agents; and to take the necessary steps to protect the Storybook Defendants' Assets;
- c. to receive and collect any and all sums of money due or owing to the Storybook Defendants whether the same are due or shall hereinafter become due and payable, and to make such payments and disbursements as may be necessary and advisable for the preservation of the

Storybook Defendants' Assets and as may be necessary and advisable in discharging his duties as receiver;

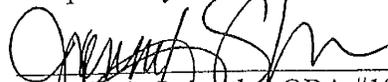
d. to institute, prosecute and defend, compromise, adjust, intervene in or become party to such actions or proceedings in any state court, federal court, or United States bankruptcy court as may in the receiver's opinion be necessary or proper for the protection, maintenance, and preservation of the Storybook Defendants' Assets, or the carrying out of the terms of this Order, and likewise to defend, compromise, adjust, or otherwise dispose of any or all actions or proceedings now pending in any court by or against the Storybook Defendants where such prosecution, defense, or other disposition of such actions or proceedings is, in the judgment of the receiver, advisable or proper for the protection of the Storybook Defendants' Assets; and

e. to exercise those powers necessary to implement the orders and directives of this Court.

Plaintiff requests that the Court direct the Storybook Defendants and their affiliates to promptly deliver and surrender to the appointed receiver all Storybook Defendants' Assets in their possession or under their control, and to fully cooperate with and assist the receiver appointed in this action and to take no action, directly or indirectly, to hinder or obstruct the receiver in the conduct of his duties or to interfere in any manner, directly or indirectly, with the custody, possession or control exercised by said receiver.

Therefore, for the reasons stated above, the Department respectfully requests that this Court appoint a receiver over the Storybook Defendants' Assets.

Respectfully submitted,



Patricia A. Labarthe, OBA #10391
Jennifer Shaw, OBA #20839
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, OK 73102
(405) 280-7700
Attorney for Plaintiff

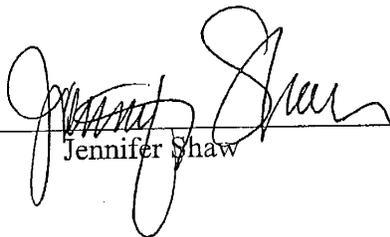
CERTIFICATE OF MAILING

The undersigned certifies that on the 1st day of October, 2009, a true and correct copy of the foregoing was mailed by first class mail, with postage prepaid thereon, addressed to:

Robert G. McCampbell
Kristin L. Huffaker
Crowe & Dunlevy
20 N. Broadway, Suite 1800
Oklahoma City, OK 73102-8273

R. Scott Adams
Adams & Associates, PC
401 N. Hudson
Oklahoma City, OK 73102

James Farnham
6308 N. Harvard Avenue
Oklahoma City, OK 73122



Jennifer Shaw

IT IS HEREBY ORDERED that a permanent injunction be and is hereby entered, forever enjoining and restraining the Storybook Defendants from offering and/or selling securities in any capacity in and/or from this state.

IT IS FURTHER ORDERED that the Storybook Defendants pay restitution to all investors who purchased Storybook Investment Notes, as defined in the Amended Petition, from the Storybook Defendants or who transferred money to the Storybook Defendants for the purpose of purchasing the Storybook Investment Notes, as defined in the Amended Petition, or otherwise making investments on their behalf, in the sum of Six Million Two Hundred Thirty Seven Thousand Three Hundred Sixty Three Dollars and Thirty Eight Cents (\$6,237,363.38).

IT IS FURTHER ORDERED that the assets of the Storybook Defendants continue to be subject to the *Order Appointing Receiver*.

IT IS FURTHER ORDERED that this Court will retain jurisdiction of this matter for the purpose of enforcement of this Order.

IT IS SO ORDERED.

Dated this 7th day of January, 2010.

NOMA GURICH

DISTRICT COURT JUDGE

I, PATRICIA PRESLEY, Court Clerk for Oklahoma County, Okla., hereby certify that the foregoing is a true, correct and complete copy of the instrument herewith set out as appears of record in the District Court Clerk's Office of Oklahoma County, Okla.,
this 7th day of January, 2010.
By Patricia Presley Deputy Court Clerk