

IN THE DISTRICT COURT OF OKLAHOMA COUNTY NOV 26 2014
STATE OF OKLAHOMA

TIM RHODES
COURT CLERK

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JASMINE, INC.; GATES OIL & GAS LTD;)
OKLAHOMA ENERGY EXCHANGE, LLC;)
HARRISBURG PROSPECT LEASE FUND,)
LLC; and HARRISBURG 2 PROSPECT)
LEASE FUND, LLC; by L. VANCE BROWN,)
as RECEIVER;)

Plaintiffs,)

v.)

GREGORY L. GRAY, ALAN GODA, ALGO,)
LLC, and EASTERN STARLIGHT ENERGY)

Defendants.)

CJ 2014-6480

Case No. _____

PETITION

COME NOW, the Plaintiffs, Gates Oil & Gas, LTD (“Gates”), Jasmine, Inc. (“Jasmine”), Oklahoma Energy Exchange, LLC (“OEE”), Harrisburg Prospect Lease Fund, LLC (“Harrisburg 1”), and Harrisburg 2 Prospect Lease Fund, LLC (“Harrisburg 2”) (collectively “Plaintiffs”), by and through their duly appointed Receiver, L. Vance Brown (“Receiver”) and for his claims against Defendants Gregory L. Gray (“Gray”), Alan Goda (“Goda”), ALGO, LLC (“ALGO”), and Eastern Starlight Energy, LLC (“Eastern”) (collectively “Defendants”) alleges and states as follows:

Introduction

1. On September 9, 2013, the Oklahoma Department of Securities commenced an action in the District Court of Oklahoma County, State of Oklahoma, entitled *Oklahoma Department of Securities, ex rel. Irving L. Faught, Administrator v. Jasmine, Inc.; Oklahoma Energy Exchange, LLC; Harrisburg Prospect Lease Fund, LLC; Gates Oil & Gas, Ltd.*;

Harrisburg 2 Prospect Lease Fund, LLC; Jimmy W. Gray; Greg L. Gray; Michael K. Gray; and Lance P. Bowman, CJ-2013-5023 (the “OKDS Action”)

2. On September 30, 2013, the Honorable Barbara Swinton, District Judge for the Oklahoma County District Court appointed L. Vance Brown as Receiver (the “Receiver”) for Jasmine, Gates, and Harrisburg 2 with the capacity to act in all aspects on their behalf. *See* Agreed Order, attached hereto as **Exhibit A**.

3. On October 17, 2013, the Honorable Barbara Swinton, District Judge for the Oklahoma County District Court also appointed the Receiver over OEE and Harrisburg 1 with the capacity to act in all aspects on their behalf. *See* Agreed Order, attached hereto as **Exhibit B**.

4. At all times material hereto, Gray was the acting manager and control person for the Plaintiffs.

5. At all times material hereto, Goda and or ALGO were agents for Gray and/or the Plaintiffs acting as a broker.

6. At all times material hereto, Eastern Starlight Energy was being used as an alter ego company for Gray and/or Goda and/or ALGO.

7. This action arises out of Defendants’ knowing, intentional, and active participation in: (a) an illegal and fraudulent offering of unregistered securities through the Plaintiffs; (b) making material misrepresentations and omissions in connection with the offering of those unregistered securities; and (c) unlawfully converting funds for his sole purpose and benefit that were invested through private placement memorandums for specific and defined purposes.

8. From January of 2011 through September of 2013, Defendants initiated and orchestrated the sale of more than \$12,500,000.00 in illegal unregistered securities to at least 350 unsuspecting investors.

9. These sales were accomplished through oral statements, written offerings, marketing materials, and/or the private placement memorandums via personal contact with investors and/or via engaging brokers to sell on his and the Plaintiffs' behalves.

10. In connection with this fraudulent scheme, Defendants knowingly misrepresented their track record and the fundamental nature of Plaintiffs' operations, and promoted the false impression that Gray did not run Plaintiffs' operations.

11. Upon information and belief, Gray and/or Goda and/or ALGO created Eastern as an alter ego for themselves and as an entity to transfer to and receive fraudulently obtained assets, including cash, oil and gas working interests, and real property.

Parties

12. Plaintiffs OEE, Harrisburg 1, and Harrisburg 2 are Oklahoma limited liability companies.

13. Plaintiffs Gates and Jasmine are Oklahoma corporations.

14. Defendant Gregory L. Gray is an Oklahoma resident.

15. Defendant Alan Goda is a California resident.

16. Defendant ALGO, LLC is a California limited liability company.

17. Defendant Eastern Starlight Energy, LLC is an Oklahoma limited liability company.

The Private Placement Memoranda and Marketing Materials

Plaintiffs hereby incorporate all the above numbered paragraphs as though fully set forth herein.

18. From January of 2011 through September of 2013, either Gray or his brokers, including both Goda and ALGO, solicited and caused more than 350 investors to purchase approximately \$12,500,000.00 of Plaintiffs' unregistered securities.

19. In connection with the solicitations, Gray, Goda, and/or ALGO distributed various materials to potential investors. Among those materials were private placement memoranda ("PPM") that purportedly described the investments being offered.

20. During the relevant time period, five (5) PPMs were issued:

- a. The "Harrisburg Prospect" PPM
- b. The "Harrisburg 2 Prospect" PPM
- c. The "Whitebead Prospect" PPM
- d. The "Mackenzie" PPM
- e. The "Paul Ray" PPM

All five (5) PPMs will be collectively referred to as the "Prospect PPMs".

21. Other materials distributed to potential investors often included unsubstantiated well production projections¹ as well as statements from some of the brokers, including Goda and/or ALGO, representing themselves as being located in the Plaintiffs' offices, being directly knowledgeable of the Plaintiffs' operations, and even employed by Plaintiffs. Gray and Goda were both distinctly aware of these issues.

¹ Literature received from an investor reflected a worst case scenario of the proposed well only producing 100 barrels per day. Jimmy Gray promoted the well to have a more likely result of 300 barrels per day production. The Receiver has seen no evidence supporting such representations. In fact, most of the well histories reviewed in relation to Plaintiffs' wells reflect most were marginal wells or dry holes. In the Receiver's opinion, the investors were misled as to the risk of their investment and the potential returns.

22. The Prospect PPMs specified that invested funds would be segregated and utilized solely for purposes authorized under the PPMs. The records reviewed by the Receiver do not reflect that funds were ever segregated for the benefit of investors in Plaintiffs. Rather, invested funds were deposited into the companies' single operating accounts and treated as Defendants' "sales revenue" and income to Plaintiffs, as opposed to being segregated for equity investment into the individual projects for which the investment was received.

23. The Prospect PPMs specifically represent that no commissions would be paid on money raised from investors. These representations were false and misleading and Defendants knew them to be so as the Defendants were, in fact, paying and/or receiving undisclosed commissions of up to 30% of investor funds raised.

24. The Prospect PPMs either completely fail to mention Jimmy W. Gray (Gray's father), or represented that he was a "consultant" for the Plaintiffs, when in reality Jimmy W. Gray was instrumental in the Plaintiffs' day-to-day operations and contributed to all significant business decisions for the Plaintiffs.

Harrisburg PPMs

25. The Harrisburg 1 PPM and Harrisburg 2 PPM (collectively the "Harrisburg PPMs") were issued to solicit investors for the "acquisition and assembly of a block of oil and gas leases [in Stephens County, Oklahoma]...for the purpose of resale..."

26. The Harrisburg PPMs provide that managers, officers, and directors owe a "fiduciary responsibility" to "exercise good faith and integrity in the management" of the Harrisburg prospects.

27. The oil and gas lease acreage was to be selected upon the basis of proprietary seismic data that had been obtained.

28. The Harrisburg PPMs each provided that the “Manager and its Affiliates” would be entitled to reimbursement of the seismic acquisition costs in the amount of \$400,026.00. In fact, neither the entities nor anyone associated with them actually owned any seismic information.

29. The Harrisburg PPMs stated that the anticipated “resale price of the leases will be between \$2,000.00 and \$4,000.00 per acre” based on the information then in Harrisburg 1/Harrisburg 2’s control. The Receiver has seen no evidence supporting such representations. In the Receiver’s opinion, the investors were misled as to the risk of their investment and the potential returns.

30. The Harrisburg PPMs represent that 91% of all investor funds would be used to purchase oil and gas leases in Stephens County, Oklahoma. Contrary to this representation, only about 4.5% of Harrisburg 1² and only about 13.5% of Harrisburg 2³ investor funds were used to acquire leases.⁴

31. The remaining money was:

- a. Used to pay undisclosed sales commissions;
- b. Used to fund the purchase of a drilling rig;
- c. Used in oil and gas well operational activities;
- d. Used to purchase various trucks and vehicles used by Defendants;
- e. Used to purchase real property in contradiction to the PPMs; and/or
- f. Simply misappropriated by the Gray and/or Eastern.

² Harrisburg 1 raised approximately \$5,700,000.00, of which only \$256,020.27 was used to acquire leases.

³ Harrisburg 2 raised approximately \$2,196,000.00, of which only \$295,342.23 was used to acquire leases.

⁴ Collectively, Harrisburg 1 and Harrisburg 2 raised approximately \$7,993,500, of which approximately \$587,422.50 (~7.4%) was used to acquire leases. Of the almost \$8,000,000.00 raised, approximately \$6,400,000.00 is completely unaccounted for.

Whitebead, Mackenzie, and Paul Ray PPMs

32. The Whitebead, Mackenzie, and Paul Ray PPMs (collectively the “Well PPMs”) were for the drilling of oil and gas wells all offering 0.5% working interest per “unit” purchased for the “joint operations involving the acquisition, turnkey drilling and completion” of the proposed wells.

33. The Well PPMs all promised that each investor would receive an assignment of his/her/its working interest purchased upon well completion.

34. Investors in the Well PPMs have never once received an assignment of a working interest or well bore interest in any completed well (whether specifically the Well PPMs, or prior PPMs that are not the subject of this lawsuit).

35. The Well PPMs provide that the investors and the operator of any completed well would enter into a Joint Operating Agreement (“JOA”). No JOA was ever entered into.

36. The Well PPMs provide that Plaintiffs are the owners of the necessary leasehold to drill the proposed wells, but the leaseholds were often owned by Jamie W. Gray Corp., an interrelated entity formed and controlled by Jimmy W. Gray, but owned by one or more of his children.

37. Plaintiffs, by and through Defendants, raised \$2,287,262.00 for the drilling of the RLT #2 and the Jack Justice #3 Wells. The actual amount spent on the RLT well was \$422,050.00, since same was drilled and abandoned as a dry hole. Had the Whitebead PPM funds been appropriately segregated, there should have been a balance of \$1,143,631.00 in Whitebead PPM funds in bank accounts for the Jack Justice Well. Not only was there nowhere close to that amount of funds remaining in the sole account, but the money was also comingled with the other Well PPM funds making any funds directly attributable to Whitebead impossible.

38. Despite the expenditures being in contradiction to the Well PPMs, investor funds were inappropriately:

- a. Used to pay undisclosed sales commissions;
- b. Used to fund the purchase of a drilling rig;
- c. Used in for oil and gas well operational activities that could not be allocated to the proper PPM;
- d. Used to purchase various trucks and vehicles used by Defendants;
- e. Used to purchase real property in contradiction to the PPMs; and/or
- f. Simply misappropriated by the Gray and/or Eastern.

Payments and Transfers Made

39. Between the dates of January 1, 2011, and September 30, 2013, Gray caused himself to be paid \$1,531,918.30 out of Plaintiffs' bank accounts (the "Payments").

40. Between the dates of January 1, 2011 and September 30, 2013, Gray caused no less than \$2,023,849.69 in undisclosed and illegal commissions to be paid to brokers, including Goda and/or ALGO, via checks, wire transfers, and/or cash (the "Commissions").⁵

41. Goda and/or ALGO received no less than \$200,525.70 of the Commissions (the "Goda Commissions").

42. On, or about, March 29, 2012, Gregory Lynn Gray purchased real property located at 2425 Arbor Drive, Norman, OK 73071 (the "Norman Property") with \$135,000.00 in OEE funds.

⁵ See *Jasmine, Inc.; Gates Oil & Gas, LTD.; Oklahoma Energy Exchange, LLC; Harrisburg Prospect Lease Fund, LLC; Harrisburg 2 Prospect Lease Fund, LLC, by L. Vance Brown, as Receiver; and Bernard Ryan v. Pixelbridge Media, LLC; Seabreeze Marketing, Inc.; North American Energy Exchange, Inc.; ALGO, LLC; Redrock Enterprises; Northwest Petroleum, Inc.; Manuatu, Inc.; Advanced Business Group; JB Geo Logic; Liberty Triangle, LLC; Data Financial; Steve Sparks; Robert Van Etten; Chris Colin; Alan Goda; Steve Clark; Bob Bennett; Mark Stevenson; Robin Charlet; James Brake; Harry Vaux; and Michael Donaldson*, already prepared and ready to be filed in the District Court of Oklahoma County, Oklahoma.

43. The Norman Property was then transferred to Gray's mother, Bobbi Gray, on, or about, September 4, 2012, for no consideration via Quit Claim Deed.

44. Upon information and belief, and in contradiction to the PPMs, Gray and/or Goda and/or ALGO caused Plaintiffs to make numerous transfers of various assets, including, but not limited to, cash, oil and gas well working interests, and other real property, to Eastern.

**CLAIM ONE
CONVERSION**

Plaintiffs hereby incorporate all the above numbered paragraphs as though fully set forth herein.

45. Gray converted funds rightly belonging to Plaintiffs for his sole use and benefit when he caused the Payments and purchased the Norman Property.

46. The funds used for the Payments are readily identifiable through review of Gates' bank records.

47. To date, Gray has failed and refused to return the Payments, thereby depriving Plaintiffs of the funds rightly belonging to them.

48. Gray was not authorized in his actions making the Payments.

49. In converting the Payments, Gray has acted intentionally and with malice toward Plaintiffs, as well as its investors.

50. As a result of Gray's conversion, Plaintiffs have suffered actual damages in the amount of \$1,666,918.30.

**CLAIM TWO
BREACH OF FIDUCIARY DUTY**

Plaintiffs hereby incorporate all the above numbered paragraphs as though fully set forth herein.

51. As acting manager and control person for Plaintiffs, Gray owed fiduciary duties to act with the utmost good faith, honesty, and loyalty toward Plaintiffs and its investors and not favor his own interests at the expense of Plaintiffs' interests.

52. Gray willingly and fraudulently breached his fiduciary duties by causing the Payments and Commissions.

53. Gray's breach was done intentionally and with malice toward Plaintiffs, as well as their investors.

54. As a direct result of Gray's breach, Plaintiffs have suffered actual damages in the amount of \$3,690,767.90.

**CLAIM THREE
UNJUST ENRICHMENT, DISGORGEMENT, AND RESTITUTION**

Plaintiffs hereby incorporate all the above numbered paragraphs as though fully set forth herein.

55. Gray benefited from the Payments he caused to be made to himself.

56. Goda and/or ALGO benefited from the Goda Commissions.

57. Allowing Gray, Goda, and/or ALGO to retain the benefits of the Payments or the Goda Commissions would unjustly enrich them.

58. Gray, Goda, and/or ALGO should not, as a matter of law, be allowed to retain the Payments or Goda Commissions.

59. Gray, Goda and/or Algo should be made to disgorge all monies, profits, gains, and/or benefits of any kind which they have obtained or will unjustly obtain in the future at Plaintiffs' expense and/or should make restitution to the Receiver for the benefit of the investors.

**CLAIM FOUR
FRAUD / DECEIT**

Plaintiffs hereby incorporate all the above numbered paragraphs as though fully set forth herein.

60. Gray made material representations to investors regarding the Payments, the Commissions, and the manner in which investor funds would be handled. More specifically, that the Commissions would not be paid, that investor funds associated with different PPMs would not be commingled, and that Jimmy W. Gray would only be a "consultant."

61. Gray made these representations with the intent that investors act upon them through investment of funds with Plaintiffs to purchase the Prospect PPM "units."

62. Investors relied upon Gray's material misrepresentations. As a direct result of Gray's fraudulent conduct, Plaintiffs (and investors) have sustained damages in the amount of no less than \$3,690,767.90 in the form of Payments, transfers, and Commissions.

63. Gray's conduct was fraudulent, willful, and deliberate and/or was in reckless disregard for the rights of others.

**CLAIM FIVE
FRAUD / DECEIT**

Plaintiffs hereby incorporate all the above numbered paragraphs as though fully set forth herein.

64. Goda, and/or ALGO made material representations to investors regarding the Payments, the Commissions, and the manner in which investor funds would be handled. More

specifically, that the Commissions would not be paid, that investor funds associated with different PPMs would not be commingled, and that Jimmy W. Gray would only be a “consultant.”

65. Goda, and/or ALGO made these representations with the intent that investors act upon them through investment of funds with Plaintiffs to purchase the Prospect PPM “units.”

66. Investors relied upon Goda, and/or ALGO’s material misrepresentations. As a direct result of Goda, and/or ALGO’s fraudulent conduct, Plaintiffs (and investors) have sustained damages in the amount of no less than \$200,525.70 in the form of Goda Commissions.

67. Goda and/or ALGO’s conduct was fraudulent, willful, and deliberate and/or was in reckless disregard for the rights of others.

**CLAIM SIX
FRAUDULENT CONVEYANCE**

Plaintiffs hereby incorporate all the above numbered paragraphs as though fully set forth herein.

68. Plaintiffs were insolvent at the time Gray caused the Payments to be made and the purchase of the Norman Property.

69. The Payments and purchase of the Norman Property were done with the intent to hinder, delay, or defraud Plaintiffs’ creditors and/or investors.

70. The Payments and purchase of the Norman Property were done without receiving a reasonably equivalent value in exchange for them.

71. Gray should not, as a matter of law, be permitted to retain the Payments and/or the benefit of the Norman Property purchase.

72. Gray is liable to Plaintiffs for the receipt of the fraudulent conveyances in the amount of the Payments and the purchase price for the Norman Property, plus attorney fees, costs, and interest as allowed by law.

**CLAIM SEVEN
FRAUDULENT CONVEYANCE**

Plaintiffs hereby incorporate all the above numbered paragraphs as though fully set forth herein.

73. Plaintiffs were insolvent at the time Goda and/or ALGO received the Goda Commissions.

74. The Goda Commissions were paid with the intent to hinder, delay, or defraud Plaintiffs' creditors and/or investors.

75. The Goda Commissions were paid without receiving a reasonably equivalent value in exchange for them.

76. Goda and/or ALGO should not, as a matter of law, be permitted to retain the Goda Commissions.

77. Gray is liable to Plaintiffs for the receipt of the fraudulent conveyances in the amount of the Goda Commissions, plus attorney fees, costs, and interest as allowed by law.

**CLAIM EIGHT
ACCOUNTING**

Plaintiffs hereby incorporate all the above numbered paragraphs as though fully set forth herein.

78. Plaintiffs do not have complete records of all Commissions paid to Goda and/or ALGO, but, upon information and belief, believes Goda and/or ALGO received more than the Goda Commissions than are specifically delineated above.

79. Plaintiffs do not have complete records of all Commissions paid to brokers, but, upon information and belief, believes more Commissions were paid than what are specifically delineated above.

80. Plaintiffs do not have complete records of all payments made to Gray, but upon information and belief, believes more payments were paid than what is specifically delineated above.

81. Plaintiffs do not have complete records of all transfers made to Gray, Goda, ALGO, and/or Eastern, but upon information and belief, believes multiple transfers (other than those listed above) were made and/or that Eastern was used as an entity to conceal transfers.

82. The Commissions, Payments, and/or transfers were made in contradiction to the Plaintiffs' stated purposes, normal business practices, and the purposes for investor money as laid out in the PPMs.

83. Due to the nature of the Commissions, Payments, and/or transfers, Defendants should be made to account for any/all sales commissions, payments, and/or transfers whether they were in the form of cash, assets, real property, or otherwise, of any kind sent from Plaintiffs and/or Gray from January 1, 2010, through present.

PRAYER

WHEREFORE, premises considered, Plaintiffs pray for judgment against Gray as follows:

1. For actual and compensatory damages in the amount of \$3,690,767.90, plus interest;
2. For punitive damages in an amount to be determined by this Court;
3. For pre and post judgment interest;

4. For Plaintiffs' costs, including a reasonable attorney's fee; and

5. For such other and further relief as this Court deems just and appropriate for Gray's role in defrauding the Plaintiffs as well as their creditors and investors.

WHEREFORE, premises considered, Plaintiffs further pray for judgment against Goda and ALGO, jointly and severally, as follows:

1. For actual and compensatory damages in the amount of \$200,525.70, plus interest;

2. For punitive damages in an amount to be determined by this Court;

3. For pre and post judgment interest;

4. For Plaintiffs' costs, including a reasonable attorney's fee; and

5. For such other and further relief as this Court deems just and appropriate for Goda and/or ALGO's role in defrauding the Plaintiffs as well as their creditors and investors.

WHEREFORE, Plaintiffs further pray that this Court exercise its equitable discretion to:

1. Identify and disgorge all fraudulent conveyances Defendants have received;

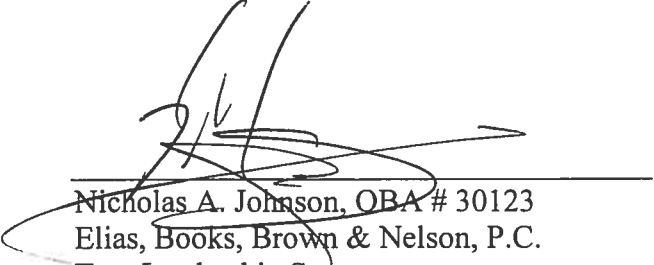
2. Identify and disgorge any unjust enrichment Defendants have received;

3. Provide for restitution to Plaintiffs of an amount no less than the total value of all Payments made, Commissions paid, and transfers made;

4. Require an accounting from Defendants; and

5. Exercise all other equitable powers the Court deems appropriate, including the payment of attorney fees, costs, and interest as allowed by law.

DATED this 26th day of November, 2014.



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FILED IN DISTRICT COURT
OKLAHOMA COUNTY

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

SEP 30 2013
TIM RHODES
COURT CLERK
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Oklahoma Department of Securities)
ex rel. Irving L. Faught,)
Administrator,)

Plaintiff,)

v.)

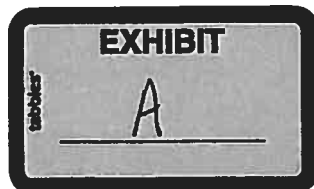
Case No. CJ-2013-5023

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

Defendants.)

AGREED ORDER APPOINTING RECEIVER

On this 30th day of September, 2013, Plaintiff, Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator, ("Department"), and Defendants Jasmine, Inc. ("Jasmine"), Gates Oil & Gas, LTD ("Gates"), Harrisburg 2 Prospect Lease Fund, LLC ("Harrisburg 2"), Jimmy W. Gray, Michael K. Gray, and Lance P. Bowman (collectively, "Relevant Defendants") agree to the appointment of a receiver as authorized by the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011).



IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that L. Vance Brown ("Receiver") be, and is hereby, appointed Receiver with respect to the Defendants Jasmine, Gates, and Harrisburg 2 ("Relevant Entity Defendants"). The Receiver is given directions and authority to accomplish the following:

1. to take immediate custody, possession and control of any and all assets, monies, securities and properties, real and personal, tangible and intangible, of whatever kind and description, and wherever situated, belonging to the Relevant Entity Defendants ("Receivership Assets"), as well as any records or documents relating to the Receivership Assets including, but not limited to, leases, subscription agreements, bank statements, checkbooks, and invoices previously paid or currently owed;

2. to manage the business activity of Relevant Entity Defendants and conserve, hold, and protect the Receivership Assets, pending further action by this Court;

3. to receive and collect any and all sums of money due or owing to the Relevant Entity 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 Receivership Assets and as may be necessary and advisable in discharging his duties as Receiver;

4. to retain or dismiss any employee of any Relevant Entity Defendant as may be advisable or necessary;

5. to retain and employ attorneys, accountants, computer consultants and other persons as may be advisable or necessary to the exercise of the duties of the Receiver, including such staff and attorneys associated with the Receiver's Firm, Elias

Books Brown & Nelson, P.C.. The Receiver may immediately retain or employ such persons, and compensate such persons, all subject to application to and approval by the Court;

6. to open and inspect any and all mail or deliveries addressed to any Relevant Entity Defendant to determine if same relate to the existence, location, identity or collection, preservation, maintenance or operation of Receivership Assets, and to notify the United States Postal Service to effect the forward delivery of any mail addressed to any Relevant Entity Defendant to a mail depository under the control of the Receiver;

7. 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, or preservation of the Receivership 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 any Relevant Entity Defendant 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 Receivership Assets; and

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

IT IS FURTHER ORDERED that the Receiver is hereby authorized, without breaching the peace, to enter and secure any premises, wherever located or situated, in

order to take possession, custody or control of, or to identify the location or existence of, any Receivership Assets.

IT IS FURTHER ORDERED that the Receiver may apply to the Court for compensation, from time to time, in a reasonable sum to be determined by the Court and from such sources as approved by the Court and for reimbursement of reasonable expenses incurred in connection with his duties as Receiver. The Receiver's hourly fee shall be billed at the rate of \$300.00 per hour, which rate shall not be increased without order of the Court. The fees and expenses of the Receiver shall have priority over any other claims made against the Relevant Defendants. The Receiver shall not be required to post a bond. The Oklahoma Department of Securities and the Relevant Defendants shall each have the authority to seek removal of the Receiver for cause and upon approval of this Court.

IT IS FURTHER ORDERED that all persons and entities, including the Relevant Defendants, their subsidiaries, affiliates, officers, directors, agents, servants, employees, attorneys, and all persons acting on their behalf, under their direction and control, and/or in active concert or participation with them, and further including any banks or financial institutions, who receive actual notice of this Order, by personal service, facsimile transmission or otherwise, shall promptly deliver and surrender to the Receiver:

1. all Receivership Assets in the possession of or under the control of any one or more of them;
2. all books and records of any kind pertaining or belonging to any Relevant Entity Defendant; and

3. all items and information necessary to access Receivership Assets and books and records including, but not limited to, keys, passwords, and security codes.

IT IS FURTHER ORDERED that all persons and entities, including the Relevant Defendants, their subsidiaries, affiliates, officers, directors, agents, servants, employees, attorneys, and all persons acting on their behalf, under their direction and control, and/or in active concert or participation with them, and further including any banks or financial institutions, wherever chartered or located, who receive actual notice of this Order, by personal service, facsimile transmission or otherwise, fully cooperate with and assist the Receiver and that they 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.

IT IS FURTHER ORDERED that, except by leave of Court during the pendency of this Order, all creditors and other persons seeking money, damages, or other relief from the Relevant Defendants, and all others acting on behalf of any such creditor or other persons, including sheriffs, marshals, and other officers and their deputies, and their respective attorneys, servants, agents, and employees, are hereby stayed and restrained from doing any act or thing whatsoever to interfere with the Receiver or to the possession of or management by the Receiver of the Receivership Assets or in any way to interfere with said Receiver, or to interfere in any manner during the pendency of this proceeding with the exclusive jurisdiction of this Court over the Relevant Defendants. This Order shall not stay or restrain any pending or future action whatsoever by any government agency or any representative on behalf of any government.

IT IS FURTHER ORDERED that the Court shall retain jurisdiction over this matter and the Relevant Defendants for all purposes.

THIS ORDER IS ENTERED this 30th day of September, 2013, at 1:50, p.m.



DISTRICT COURT JUDGE

APPROVED



David Lawson, OBA #31130
Robert Fagnant, OBA #30548
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ATTORNEYS FOR DEFENDANTS Jasmine, Inc., Gates Oil & Gas, LTD, Harrisburg 2
Prospect Lease Fund, LLC, Jimmy W. Gray, Michael K. Gray, and Lance P. Bowman

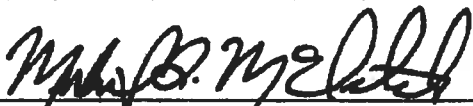
IT IS FURTHER ORDERED that the Court shall retain jurisdiction over this matter and the Relevant Defendants for all purposes.

THIS ORDER IS ENTERED this ____ day of _____, 2013, at _____:_____, ____m.

DISTRICT COURT JUDGE

APPROVED

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Telephone: (405) 235-9621
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ATTORNEYS FOR DEFENDANTS Jasmine, Inc., Gates Oil & Gas, LTD, Harrisburg 2
Prospect Lease Fund, LLC, Jimmy W. Gray, Michael K. Gray, and Lance P. Bowman

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

FILED IN DISTRICT COURT
OKLAHOMA COUNTY

OCT 17 2013

TIM RHODES
COURT CLERK

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

Plaintiff,)

v.)

Case No. CJ-2013-5023

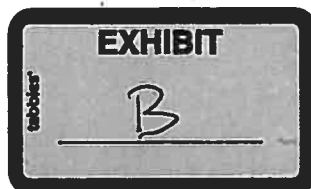
Jasmine, Inc., an Oklahoma corporation;)
Oklahoma Energy Exchange, LLC, an)
Oklahoma limited liability company;)
Harrisburg Prospect Lease Fund, LLC, an)
Oklahoma limited liability company; Gates)
Oil & Gas, LTD, an Oklahoma corporation;)
Harrisburg 2 Prospect Lease Fund, LLC,)
an Oklahoma limited liability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

Defendants.)

AGREED ORDER APPOINTING RECEIVER

On this 16th day of October, 2013, Plaintiff, Oklahoma Department of Securities *ex rel.* Irving L. Faught, Administrator, ("Department"), and Defendants Oklahoma Energy Exchange, LLC ("OEE") and Harrisburg Prospect Lease Fund, LLC ("Harrisburg") agree to the appointment of a receiver as authorized by the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011).

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that L. Vance Brown ("Receiver") be, and is hereby, appointed Receiver with respect to the



Defendants OEE and Harrisburg. The Receiver is given directions and authority to accomplish the following:

1. to take immediate custody, possession and control of any and all assets, monies, securities and properties, real and personal, tangible and intangible, of whatever kind and description, and wherever situated, belonging to Defendants OEE and Harrisburg ("Receivership Assets"), as well as any records or documents relating to the Receivership Assets including, but not limited to, leases, subscription agreements, bank statements, checkbooks, and invoices previously paid or currently owed;

2. to manage the business activity of Defendants OEE and Harrisburg and conserve, hold, and protect the Receivership Assets, pending further action by this Court;

3. to receive and collect any and all sums of money due or owing to the Defendants OEE and Harrisburg 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 Receivership Assets and as may be necessary and advisable in discharging his duties as Receiver;

4. to retain or dismiss any employee of Defendants OEE and Harrisburg as may be advisable or necessary;

5. to retain and employ attorneys, accountants, computer consultants and other persons as may be advisable or necessary to the exercise of the duties of the Receiver, including such staff and attorneys associated with the Receiver's Firm, Elias Books Brown & Nelson, P.C.. The Receiver may immediately retain or employ such

persons, and compensate such persons, all subject to application to and approval by the Court;

6. to open and inspect any and all mail or deliveries addressed to Defendant OEE or Defendant Harrisburg to determine if same relate to the existence, location, identity or collection, preservation, maintenance or operation of Receivership Assets, and to notify the United States Postal Service to effect the forward delivery of any mail addressed to Defendant OEE or Defendant Harrisburg to a mail depository under the control of the Receiver;

7. 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, or preservation of the Receivership 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 Defendant OEE or Defendant Harrisburg 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 Receivership Assets; and

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

IT IS FURTHER ORDERED that the Receiver is hereby authorized, without breaching the peace, to enter and secure any premises, wherever located or situated, in order to take possession, custody or control of, or to identify the location or existence of, any Receivership Assets.

IT IS FURTHER ORDERED that the Receiver may apply to the Court for compensation, from time to time, in a reasonable sum to be determined by the Court and from such sources as approved by the Court and for reimbursement of reasonable expenses incurred in connection with his duties as Receiver. The Receiver's hourly fee shall be billed at the rate of \$300.00 per hour, which rate shall not be increased without order of the Court. The fees and expenses of the Receiver shall have priority over any other claims made against Defendant OEE or Defendant Harrisburg. The Receiver shall not be required to post a bond. The Oklahoma Department of Securities and Defendants OEE and Harrisburg shall each have the authority to seek removal of the Receiver for cause and upon approval of this Court.

IT IS FURTHER ORDERED that all persons and entities, their subsidiaries, affiliates, officers, directors, agents, servants, employees, attorneys, and all persons acting on their behalf, under their direction and control, and/or in active concert or participation with them, and further including any banks or financial institutions, who receive actual notice of this Order, by personal service, facsimile transmission or otherwise, shall promptly deliver and surrender to the Receiver:

1. all Receivership Assets in the possession of or under the control of any one or more of them;
2. all books and records of any kind pertaining or belonging to Defendant OEE or Defendant Harrisburg; and
3. all items and information necessary to access Receivership Assets and books and records including, but not limited to, keys, passwords, and security codes.

IT IS FURTHER ORDERED that all persons and entities, their subsidiaries, affiliates, officers, directors, agents, servants, employees, attorneys, and all persons acting on their behalf, under their direction and control, and/or in active concert or participation with them, and further including any banks or financial institutions, wherever chartered or located, who receive actual notice of this Order, by personal service, facsimile transmission or otherwise, fully cooperate with and assist the Receiver and that they 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.

IT IS FURTHER ORDERED that, except by leave of Court during the pendency of this Order, all creditors and other persons seeking money, damages, or other relief from the Defendant OEE or Defendant Harrisburg, and all others acting on behalf of any such creditor or other persons, including sheriffs, marshals, and other officers and their deputies, and their respective attorneys, servants, agents, and employees, are hereby stayed and restrained from doing any act or thing whatsoever to interfere with the Receiver or to the possession of or management by the Receiver of the Receivership Assets or in any way to interfere with said Receiver, or to interfere in any manner during the pendency of this proceeding with the exclusive jurisdiction of this Court over the Defendants OEE and Harrisburg. This Order shall not stay or restrain any pending or future action whatsoever by any government agency or any representative on behalf of any government.

IT IS FURTHER ORDERED that the Court shall retain jurisdiction over this matter and Defendants OEE and Harrisburg for all purposes.

THIS ORDER IS ENTERED this 16th day of October, 2013, at 5:00,

P.m.

Bubba Swinton
DISTRICT COURT JUDGE

APPROVED

David Lawson
David Lawson, OBA #31130
Robert Fagnant, OBA #30548
Oklahoma Department of Securities
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Facsimile: (580) 228-0800
Attorney for Receiver of Defendant Oklahoma Energy Exchange, LLC (OEE is the
Manager of Defendant Harrisburg Prospect Lease Fund, LLC)

CERTIFICATE OF MAILING

The undersigned hereby certifies that on this 17th day of October, 2013, a true and correct copy of the above and foregoing *Agreed Order Appointing Receiver* was mailed, with postage prepaid thereon, via first-class US mail, addressed to:

Timothy J. Bomhoff
Michael D. McClintock
McAfee & Taft, A Professional Corporation
10th Floor, Two Leadership Square
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L. Vance Brown
Elias, Books, Brown & Nelson, P.C.
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John R. Green
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David Lawson