

**FILED IN THE DISTRICT COURT**  
**OKLAHOMA COUNTY, OKLA.**

**IN THE DISTRICT COURT OF OKLAHOMA COUNTY**  
**STATE OF OKLAHOMA**

AUG 29 2008

PATRICIA PRESLEY, COURT CLERK  
by \_\_\_\_\_  
DEPUTY

Oklahoma Department of Securities )  
*ex rel.* Irving L. Faught, )  
Administrator, )  
 )  
Plaintiff, )  
 )  
v. )  
 )  
Jerry D. Cash, )  
 )  
Defendant. )

Case No.

**CJ - 2008 - 7963**

**PETITION FOR 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 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 Jerry D. Cash (Cash or Defendant). Specifically, the Department alleges that Cash engaged in suspicious financial activities involving Quest Resource Corporation and/or Quest Energy L.P. through which he converted funds for his personal benefit and use.

**JURISDICTION**

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

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

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

#### **OTHER ENTITIES**

5. Quest Resource Corporation (QRCP) is a Nevada corporation with its principal offices in Oklahoma City, Oklahoma. At all times material hereto, the common stock of QRCP was publicly traded on the NASDAQ Global Market System.

6. Quest Energy Partners, L.P. (QELP) is a Delaware limited partnership with its principal offices in Oklahoma City, Oklahoma. At all times material hereto, the limited partnership interests in QELP were publicly traded on the NASDAQ Global Market System.

7. Quest Energy GP, L.L.C. (Quest Energy GP) is a Delaware limited liability company with its principal offices in Oklahoma City, Oklahoma. Quest Energy GP is the general partner of QELP.

#### **DEFENDANT**

8. Cash is a resident of Oklahoma and was until August 23, 2008, the Chief Executive Officer and a director of QRCP and the Chief Executive Officer and Chairman of the Board of Quest Energy GP.

## NATURE OF THE CASE

9. At all times material hereto, Cash controlled Rockport Energy, L.L.C., a Texas limited liability company (Rockport Energy). Filings by QRCP and QELP with the United States Securities and Exchange Commission do not disclose or identify Rockport Energy as a subsidiary, affiliate or associate.

10. Beginning in at least 2005, and while Chief Executive Officer of QRCP and Quest Energy GP, Cash caused QRCP and/or QELP money to be transferred to a bank account held in the name of Rockport Energy (the Rockport Account). Cash maintained sole signature authority over the Rockport Account.

11. Cash expended large sums of QRCP and/or QELP money from the Rockport Account for personal expenses and/or other business activities not authorized by the boards of directors of either QRCP or Quest Energy GP.

12. Beginning in at least 2005, Cash engaged in a series of suspicious financial transactions between Rockport Energy and QRCP or QELP. On or within a day of the end of each QRCP and QELP fiscal quarter, Cash issued a check drawn on the Rockport Account, made payable to QRCP or QELP or a subsidiary thereof, in amounts that ranged from Four Hundred Thousand Dollars (\$400,000.00) to Ten Million Dollars (\$10,000,000.00). Cash then deposited the check into a bank account of the payee. At all times material hereto, the balance in the Rockport Account at the time each check was deposited was never sufficient to cover each check and rarely exceeded Two Thousand Dollars (\$2,000.00).

13. The day following the end of each QRCP or QELP fiscal quarter, Cash directed that QRCP or QELP funds, in an amount identical to the amount of the check from Rockport

Energy, be wired back to the Rockport Account enabling each Rockport Account check to be cleared by the bank.

### CAUSE OF ACTION

**(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)**

14. The Department realleges and incorporates by reference each and every allegation contained in the preceding paragraphs.

15. Defendant, in connection with the offer, sale or purchase of securities, and as described in paragraphs 9-13 above, has engaged in acts, practices, or a course of business that has operated and continues to operate as a fraud or deceit upon other persons.

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

### PRAYER FOR RELIEF

Defendant has engaged in acts and practices in violation of the Act and has, as a result of these activities, received a substantial, and as yet undetermined, amount of money. A danger exists that the money received or other assets held by Defendant will be lost, removed or transferred. An injunction to issue against Defendant is necessary to preserve the money and assets 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 and permanent injunction, restraining and enjoining the Defendant, his agents, servants, employees, assigns and all those persons, directly or indirectly, acting on his behalf, under his direction and control, and/or in active concert or participation with them, who receive actual notice hereof, by personal service, facsimile or otherwise, and each of them from violating of the Act;

II.

An order *instanter* prohibiting Defendant, his agents, servants, employees, assigns and all those persons, directly or indirectly, acting on his behalf, under his direction and control, and/or in active concert or participation with him, 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, and/or QRCP, QELP, Rockport, and any of their subsidiaries or affiliates;

III.

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

IV.

An order *instanter* prohibiting Defendant, his agents, servants, employees, assigns and all those persons, directly or indirectly, acting on his behalf, under his direction and control, and/or in active concert or participation with him, 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 of Defendant.

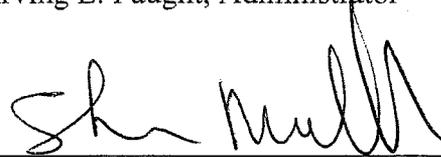
V.

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:



Shaun M. Mullins (OBA #16869)  
Amanda Cornmesser (OBA #20044)  
Jennifer Shaw (OBA #20839)  
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**STIPULATION AND CONSENT**

Defendant Jerry D. Cash, without admitting or denying any allegation in Plaintiff's *Petition for Injunction and Other Equitable Relief* (Petition), stipulates and consents to the following:

**Stipulations:**

The Defendant hereby stipulates as follows:

1. The Oklahoma Department of Securities (Plaintiff) is the proper party to bring this action seeking the relief requested in the Petition filed in this matter.
2. Defendant is subject to the jurisdiction of this Court.
3. Defendant does not contest the application of the Oklahoma Uniform Securities Act of 2004 (the "Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), to the matters described in the Petition.
4. Defendant understands and agrees that the entry of this *Stipulation and Consent* (Stipulation and Consent) and *Temporary Injunction and Order Freezing Assets* (Order) relates

only to the matters contained in the Order and does not limit Plaintiff from making other allegations or seeking other relief under the Act.

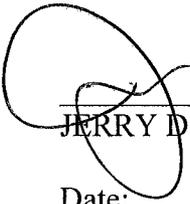
Undertakings:

Defendant hereby undertakes as follows:

1. Defendant consents to the entry of the Order, in the form attached as Exhibit "A" hereto and made a part of this Stipulation and Consent.
2. Defendant states that this Stipulation and Consent is entered into voluntarily and that no threat or promise of immunity of any kind has been made by Plaintiff, the Administrator of the Oklahoma Department of Securities, or any employee of the Oklahoma Department of Securities, to coerce agreement with this Stipulation and Consent.
3. Defendant waives any right to appeal from the Order.
4. Defendant agrees that this Stipulation and Consent and all provisions hereof shall be incorporated by reference into the Order.
5. Defendant agrees that this Court will retain jurisdiction of this matter for the purpose of enforcement of the Order and this Stipulation and Consent.
6. Defendant understands that Plaintiff will take action as authorized by law for the failure of Defendant to comply with the terms of the Order and this Stipulation and Consent in any material respect or for any future violation of the Act.
7. Defendant agrees to the presentation of this Stipulation and Consent, executed by Defendant, and the Order in the form attached hereto as Exhibit "A", to the Court to be entered without further notice.
8. Defendant agrees to provide Plaintiff within 10 days of this Stipulation and Consent a list of all assets and liabilities of Defendants.

9. Defendant agrees to provide Plaintiff with a report every two weeks identifying disbursements from and deposits to the following accounts, pursuant to the provisions of the Order: 2271 NBanC; 8950 Coppermark Bank; and 9065 Coppermark Bank (only last four digits of account numbers provided).

**IN WITNESS WHEREOF**, Defendant has executed this Stipulation and Consent as of the date and year set forth below his signature hereto.



\_\_\_\_\_  
JERRY D. CASH

Date: 2/29/03

Address: 7401 Nichols Road  
Oklahoma City, OK 73120

Approved as to form and substance:

  
\_\_\_\_\_  
Shaun M. Mullins (OBA #16869)  
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**TEMPORARY INJUNCTION AND**  
**ORDER FREEZING ASSETS**

This matter came on for hearing this 29<sup>th</sup> day of Aug, 2008, before the undersigned Judge of the District Court in and for Oklahoma County, State of Oklahoma, upon the verified *Petition for Injunction and Other Equitable Relief* of the Plaintiff ("Petition"), pursuant to the Oklahoma Uniform Securities Act of 2004 (the "Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003).

It appears to this Court from the facts alleged in Plaintiff's Petition that Plaintiff is entitled to the relief requested. It further appears that the public will suffer irreparable damage and injury unless Defendant, his agents, servants, employees, assigns, and those persons acting on his behalf, under his direction and control and/or in active concert or participation with him, who receive actual notice of this Order by personal service, facsimile or otherwise, are enjoined.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant, his agents, servants, employees, assigns, and those persons acting on his behalf, under his

direction and control and/or in active concert or participation with him, who receive actual notice of this Order by personal service, facsimile or otherwise, be and hereby are, and until further notice of this Court, enjoined from violating any provision of the Act.

IT IS FURTHER ORDERED that Defendant, his agents, servants, employees, assigns, and those persons acting on his behalf, under his direction and control and/or in active concert or participation with him who receive actual notice of this Order by personal service, facsimile or otherwise, be and hereby are, until further notice of this Court, enjoined 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, and/or Quest Resource Corporation, Quest Energy L.P., Rockport Energy, L.L.C., and any of their subsidiaries or affiliates.

IT IS FURTHER ORDERED that the assets of Defendant, wherever located, be and hereby are, frozen ("Assets"). The freeze shall include, but not be limited to, any real property, personal property, funds and or securities located in any bank, depository institution, brokerage firm, or internet based bank, securities or other financial institution account. It shall also apply to Assets in the name of any individual or entity controlled by Defendant or Assets over which Defendant has signatory or other designated authority. All banks, depository institutions, internet service providers, securities firms, or other institutions or persons served with a copy of this Order shall cooperate with the Plaintiff relating to implementation of this Order, to include imposing a freeze on all Assets and producing records relating thereto. Facsimile transmission shall constitute service on the

banks, depository institutions, internet service providers, securities firms, or other institutions or persons.

IT IS FURTHER ORDERED that Defendant, his agents, servants, employees, assigns, and those persons acting on his behalf, under his direction and control and/or in active concert or participation with him who receive actual notice of this Order, by personal service, facsimile or otherwise, and each of them are prohibited from directly or indirectly, transferring, withdrawing, concealing, removing, destroying, or otherwise disposing of any and all Assets.

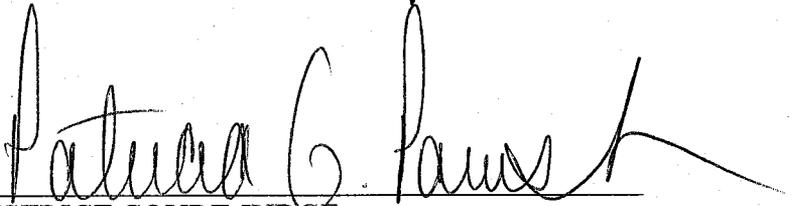
IT IS FURTHER ORDERED that Defendant shall provide to Plaintiff within 10 days from the date of the entry of this Order a list of all Assets and liabilities of Defendant.

IT IS FURTHER ORDERED that the following bank accounts: 2271 NBanC; 8950 Coppermark Bank; and 9065 Coppermark Bank (only last four digits of account numbers provided), are excluded from the provisions of this Order for the purposes of the following payments only:

- (1) to pay any ordinary, necessary and recurring living expenses for the Defendant and his spouse;
- (2) to pay any reasonable attorneys' fees and expenses incurred; and
- (3) to pay any ordinary, necessary and recurring expenses related to the business operations of STP Newco and Rockport Energy, LLC.

IT IS FURTHER ORDERED that the Defendant shall provide notice of this Order to each of his affiliates, successors, directors, officers, and each of their employees, salespersons, representatives and independent contractors.

THIS ORDER IS ENTERED this 27 day of Aug, 2008, at  
9:00 A.m.

  
\_\_\_\_\_  
DISTRICT COURT JUDGE

Approved as to form and substance:

  
\_\_\_\_\_  
Shaun M. Mullins (OBA #16869)  
Amanda Cormmesser (OBA #20044)  
Jennifer Shaw (OBA #20839)  
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