

IN THE DISTRICT COURT OF OKLAHOMA COUNTY  
STATE OF OKLAHOMA

OKLAHOMA DEPARTMENT OF )  
SECURITIES EX REL. IRVING )  
FAUGHT, ADMINISTRATOR, )

Plaintiff, )

v. )

Case No. CJ-2009-2773  
Judge: Gurich, Noma D.

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, )  
Oklahoma limited liability company; THE )  
WAVE-GOLDMADE, LTD., an )  
unincorporated association; BRIAN )  
MCKYE, an individual; JOE DON )  
Johnson, an individual; 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.

MAY 18 2009

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

**REPORT OF SPECIAL MASTER, STEPHEN J. MORIARTY  
FOR THE PERIOD APRIL 1, 2009 TO APRIL 30, 2009**

Stephen J. Moriarty ("Special Master") the Court appointed Special Master for  
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; and BRIAN MCKYE, an individual (all collectively referred to as the “McKye Companies”) and for Heritage Estate Service, LLC (“Heritage”) (the “McKye Companies” and “Heritage” are sometimes collectively referred to as the “Companies”) and for his Report for the period April 1, 2009 to April 30, 2009, the Special Master states as follows:

1. On April 1, 2009, this Court entered its Order Appointing Special Master for the McKye Companies and Approving Waiver of Special Master's Bond. Pursuant to the Order, the Special Master was given full authority to “operate and manage all assets” of the McKye Companies. Further, Special Master was given the authority to “take immediate custody, possession, and control of any and all assets” of the McKye Companies.

2. On April 23, 2009, this Court entered its Order Appointing Special Master for the Heritage and Approving Waiver of Special Master's Bond. Pursuant to the Order, the Special Master was given full authority to “operate and manage all assets” of Heritage. Further, Special Master was given the authority to “take immediate custody, possession, and control of any and all assets” of Heritage.

3. The major assets of the Companies consist of (a) the loan portfolio of Sure Lock Loans, LLC and the related assets associated with the operation of Sure Lock’s lending offices located at (i) 2000 NW 39<sup>th</sup> Street, Oklahoma City, OK 73118, (ii) 1958 NW 10<sup>th</sup> Street, Oklahoma City, OK 73106, (iii) 108 S. Rockwell, Suite B, Oklahoma City, OK 73127, (iv) 2308 S. Air Depot Blvd., Midwest City, OK 73110, (v) 4844 S. Elwood Ave, Tulsa, OK 74126, (vi) 2110 Steve Owens Blvd, Miami, OK 74354, and (vii) 8916 Highway 59, Grove, OK 74344 (the “Sure Lock Assets”) and (b) certain accounts purchased from Heritage Estate Service, LLC

(the "Heritage Assets").

4. Pursuant to the duties and authority granted, Special Master has begun to take charge of the records, assets, personnel and funds of the Companies.

#### **BANK ACCOUNTS**

5. Special Master has identified all known bank accounts of the companies, as listed on Exhibit "A" hereto. All authorized signors on these accounts have been removed and have been replaced by Special Master as the sole signor.

6. The statements on all known accounts are attached hereto as Exhibit "B" and reflect all activity on these accounts for the period April 1, 2009 to April 30, 2009. Further details for all expenses paid are reflected in the attachments to the account statements.

#### **OTHER ASSETS**

7. The remainder of the discussion and Exhibits to this Report is based on Special Master's review of the books and records of the Companies to date. It is important to note that the books and records were not complete and not always accurate. Special Master has attempted to accurately report on the condition of the Companies but that analysis, in large part, is dependent on the reliability of existing financial information. Special Master's review of this financial information is incomplete and ongoing. **THEREFORE, NOTHING CONTAINED HEREIN SHOULD BE CONSIDERED AS A REPRESENTATION OR ADMISSION BY SPECIAL MASTER OF THE RELIABILITY OR ACCURACY OF EXISTING BUSINESS RECORDS OF THE COMPANIES.**<sup>1</sup>

8. The Companies own and operate seven "payday" loan companies, as described in paragraph 3. Exhibit "C" represents this loan portfolio, as of April 7, 2009. **NOTE:** the status

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<sup>1</sup> Special Master believes has been authorized to employ professional, including accountants. While Special Master believes that such services are necessary, the Companies, in their current financial condition, cannot afford to pay for such services.

of this portfolio will change from day to day as payments are received, additional charges are incurred and renewals are made.

9. The Companies own a portfolio of accounts or notes from customers of Heritage. Heritage was in the business of providing estate planning services<sup>2</sup>. As Heritage's customer incurred charges for these services, they were given the option of financing the payment for these services through the McKye Companies. It appears that between 2006 and 2008, the McKye Companies paid Heritage the sum of \$1,099,185.42, See Exhibit "D". It appears that the McKye Companies acquired \$981,339.25 in accounts through Heritage. See Exhibit "E". **NOTE:** the amounts due will change based upon further accrual of interest and other charges and payments made by the account debtor.

10. At the request of Special Master, McKye furnished a Balance Sheet detailing the assets of the McKye Companies; a copy of the Balance Sheet is attached hereto as Exhibit "F". The Balance Sheet in no way reflects the financial condition of the McKye Companies. For example, the Balance Sheet suggests that there may have been as much as \$636,000.00 in cash available to the McKye Companies (\$210,000.00 cash on hand plus \$426,000.00 in ACH's on hand). The actual cash in all known accounts as of April 1, 2009 was approximately \$92,000.00. However, even that amount is a meaningless number. As of April 1, 2009 there was approximately \$50,000.00 in unpaid outstanding bills (payroll, utilities, rent and other vendors). By April 2009, monthly interest payments to investors, pursuant to the terms of their investment contracts, were approximately \$50,000.00. If all outstanding obligations were immediately paid by Special Master on April 1, 2009, all existing cash would have been depleted.

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<sup>2</sup> Special Master has been informed that Heritage Estate Service, LLC is no longer in business and is no longer providing estate planning services.

## **LIABILITIES**

11. While the Companies have substantial liabilities to other parties, the overwhelming majority of the debts owed are in the form of investment contracts from the McKye Companies in favor of individuals who “invested” with the McKye Companies. These liabilities are set forth in Exhibit “G” hereto. It appears there is approximately \$6,000,000.00 owed to the investors in the McKye Companies.

## **OPERATIONS**

12. Given current overhead levels, the Companies are not profitable. Special Master has analyzed cost cutting measures that could be implemented. For example, there were 28 employees on April 1, 2009. As of April 30, 2009, there were 22 employees. Further cuts and reduction of hours have now been implemented. However, Special Master does not believe that these changes alone will make the Companies profitable.

13. Special Master is considering closing some of the stores, however, it is unclear whether the savings realized from those closings would make the Companies profitable.

14. In order to maximize the return to creditors of the Companies, on April 30, 2009 Special Master sought authority from this Court to sell the Sure Lock Assets and the Heritage Assets on the terms and conditions described therein. Special Master believes that such a sale would be in the best interests of the creditors of the Companies. Prior to the filing of the Motion, Special Master sent out a letter of inquiry to all parties holding Oklahoma supervised lending licenses. To date, Special Master has received 11 formal expressions of interest in these assets. Special Master believes there are additional parties who will be bidders for these assets. The Special Master has requested that the Court establish dates for the following events set forth in

the Bidding Procedures:

Written Bid Deadline:	JULY 1, 2009
Notification of Baseline Bid:	JULY 7, 2009
Auction:	10:00 a.m. on JULY 10, 2009
Sale Hearing:	On or after JULY 11, 2009

Special Master believes that the timely completion of a sale of these assets is critical. Further delay will, in Special Master's opinion, diminish the value of these assets and reduce the recovery for creditors.

#### **TERMINATION OF BRIAN MCKYE**

15. Special Master has terminated the employment of McKye and any position he held with any of the Companies. The decision to terminate was based, in large part, on McKye's inability to satisfactorily explain cash withdrawals totaling approximately \$23,000.00 from a Sure Lock Loans account at All American Bank between Mach 24, 2009 and March 31, 2009 (after the Order freezing assets was entered, but before the Special Master was appointed). The recovery of these cash withdrawals is the subject of a motion filed by Special Master on May 11, 2009 which is set for hearing on June 12, 2009.

#### **MISCELEANEOUS**

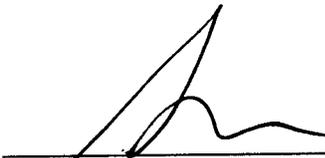
16. During the period from July, 2006 through October, 2008, the McKye Companies made payments totaling \$406,765.82 on a single American Express credit card account.<sup>3</sup> See Exhibit "H". Special Master is in the process of obtaining these account statements to determine the nature of charges to this account.

17. There have been no payments to the Special Master for the period April 1, 2009 to April 30, 2009.

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<sup>3</sup> There were other significant payments made to other credit card accounts.

WHEREFORE, the Special Master respectfully submits this Report to the Court



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SPECIAL MASTER

**CERTIFICATE OF MAILING**

This is to certify that on the 18th day of May, 2009, the foregoing was sent by U.S. Mail, first class, postage prepaid to:

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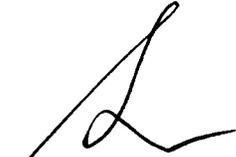
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Stephen J. Moriarty

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