

FILED IN DISTRICT COURT
OKLAHOMA COUNTY

JUL - 8 2013

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IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

Oklahoma Department of Securities)
<i>ex rel.</i> Irving L. Faught,)
Administrator,)
)
Plaintiff,)
)
v.)
)
Buy Car Notes.com, Inc., an Oklahoma)
corporation; Invest In Car Notes.com, Inc.,)
an Oklahoma corporation; and)
Bill R. Thompson, an individual,)
)
Defendants.)

Case No. **CJ - 2013 - 3786**

BARBARA SWINTON

**PETITION FOR PERMANENT INJUNCTION AND/OR
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, alleges and states as follows:

OVERVIEW

This case involves violations of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011), by Buy Car Notes.com, Inc., Invest In Car Notes.com, Inc., and Bill R. Thompson (collectively, "Defendants"). Specifically, the Department alleges that Defendants offered and sold unregistered securities in violation of Section 1-301 of the Act, acted as unregistered agents in violation of Section 1-402 of the Act, and perpetrated fraud in connection with the offer, sale and/or purchase of securities in violation of Section 1-501 of the Act.

JURISDICTION

1. 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 Defendants.

2. 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.

3. Venue is proper in this county.

DEFENDANTS

4. Buy Car Notes.com, Inc. (Buy Car Notes) is an Oklahoma corporation with its principal place of business in Oklahoma City, Oklahoma. At all times material hereto, Buy Car Notes issued, offered and sold securities in and/or from Oklahoma as described herein.

5. Invest In Car Notes.com, Inc. (Invest in Car Notes) is an Oklahoma corporation with its principal place of business in Oklahoma City, Oklahoma. At all times material hereto, Invest in Car Notes issued, offered and sold securities in and/or from Oklahoma as described herein.

6. Bill R. Thompson (Thompson), an individual and Oklahoma resident, is the President of Buy Car Notes and Invest in Car Notes. At all times material hereto, Thompson offered and/or sold securities in and/or from Oklahoma as described herein.

NATURE OF THE CASE

7. Beginning in March, 2010, Defendants engaged in the offer and/or sale of securities in and/or from the state of Oklahoma to investors (Investors) in the nature of note

purchase agreements (Note Purchase Agreements). The solicitations originated primarily from the Buy Car Notes and Invest in Car Notes websites and through a YouTube video presentation on the Internet.

8. Defendants solicited Investors to purchase the Note Purchase Agreements that Defendants represented would pay Investors between 8.5% to 21% yearly returns, paid monthly, for a period of time between six (6) and twenty-four (24) months. The Note Purchase Agreements were to be funded by payments on car loans that were to be generated by Defendants from the sale and financing of used cars (Car Loans). Defendants represented the Note Purchase Agreements were 100% guaranteed by Defendants. Defendants also represented that they would replace any notes in default with a good, paying car note and there would be no effect on Investors' monthly income. Defendants represented that no work was required on the part of Investors.

9. At least \$500,000 was raised from Investors through the sale of the Note Purchase Agreements by Defendants.

10. On August 31, 2011, Plaintiff filed an *Order to Cease and Desist and Notice of Opportunity for Hearing* against Defendants (Order to Cease and Desist) for violations of the Act. The Order to Cease and Desist contained the following Conclusions of Law:

- a. The Note Purchase Investments [Agreements] are securities as defined by Section 1-102 of the Act.
- b. Buy Car Notes and Invest in Car Notes are the issuers of the securities.
- c. Respondents offered and/or sold securities in and/or from the state of Oklahoma.
- d. Respondents offered and/or sold unregistered securities in and/or from this state, in violation of Section 1-301 of the Act.

- e. Thompson and Harris transacted business in and/or from this state as unregistered agents, in violation of Section 1-402 of the Act.
- f. Buy Car Notes and Invest in Car Notes employed unregistered agents who transacted business in and/or from this state on their behalf, in violation of Section 1-402 of the Act.

Defendants consented to the filing of a final order and agreement incorporated therein (Final Order and Agreement) that made final the Order to Cease and Desist.

11. The Final Order also ordered the payment by Defendants of restitution. The Final Order and Agreement were effective January 31, 2012. The Agreement specified:

Restitution. Respondents shall collectively pay restitution to persons named in Exhibit B hereto (Investors) and in the principal amounts designated. Respondents shall pay a pro rated initial sum of \$25,000.00, within thirty (30) days of the Effective Date of this Agreement. The initial restitution payments and all payments thereafter shall be paid to each Investor and shall be received on or before the date they are due. After the payment of the initial sum, Respondents shall use its best efforts to make monthly payments to Investors of a pro rated sum of a minimum of \$20,000.00, within thirty days of the date of the initial payment and each thirty days thereafter until the Investors' principal amounts are repaid in full according to the attached Exhibit B. Interest will not be paid to Investors.

12. Defendants failed to make pro rata payments to Investors after the initial pro rata payment of \$25,000.00. At various times, some payments were mailed to Investors but the ordered monthly pro rata payments to individual Investors did not take place. Sporadic payments to specific Investors have been paid by Defendants without consideration for the equitable distribution of restitution pursuant to the Final Order and Agreement.

FIRST CAUSE OF ACTION

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

13. Plaintiff realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 12 above.

14. The Note Purchase Agreements are securities as defined by Section 1-102 of the Act.

15. Defendants offered and sold the Note Purchase Agreements in and/or from Oklahoma.

16. The Note Purchase Agreements offered and sold by Defendants are not and have not been registered under the Act nor have the Note Purchase Agreements been offered or sold pursuant to an exemption from registration, as required by Section 1-301 of the Act.

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

SECOND CAUSE OF ACTION

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

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

19. Defendant, Bill R. Thompson, by virtue of his efforts and activities in this state in effecting or attempting to effect transactions in securities of an issuer, is an agent, as defined in Section 1-102 of the Act.

20. Defendant Bill R. Thompson is not, and has not been, registered as an agent pursuant to Section 1-402 of the Act.

21. By reason of the foregoing, Defendant Bill R. Thompson, directly and indirectly, has violated Section 1-402 of the Act, and unless enjoined, will continue to violate Section 1-402 of the Act.

THIRD CAUSE OF ACTION

**(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)**

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

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

- a. that Defendants would provide guaranteed profits or returns on the Note Purchase Agreements in the nature of interest of between 8.5% and 21% on a monthly basis when, in fact, Defendants have not invested the Investors' funds in any manner to generate such profits or returns;
- b. that 100% of defaulted and non-performing notes would be replaced when, in fact, Defendants did not have an adequate surplus of replacement notes;
- c. that the monthly payments from the Car Loans would be sent directly to the Investor every month;
- d. that the Note Purchase Agreements were guaranteed when, in fact, adequate guarantees were not available to secure the Note Purchase Agreements;
- e. that no commissions were paid for the Note Purchase Agreements when Defendant Thompson withdrew significant amounts of Investor funds for personal expenses; and
- f. that assignments to Investors of individual car notes would collateralize the Note Purchase Agreements when, in fact, Defendants assigned certain individual Car Loans to multiple Investors.

24. 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, not misleading including, but not limited to, the following matters:

- a. any general or specific risk factors associated with the Note Purchase Agreements;
- b. that the Note Purchase Agreements are securities under the Act;
- c. that the Note Purchase Agreements have not been and are not registered under the Act;
- d. that the individual who offers and sells the Note Purchase Agreements was not and is not registered as an agent under the Act; and
- e. that Defendant Thompson would use Investor funds for the payment of his personal expenses and for payments to earlier Investors.

25. 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

**(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)**

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

27. 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 facts described above,

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

28. 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.

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.

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 permanent injunction enjoining Defendants from transacting business in and/or from the state of Oklahoma as issuers, issuer agents, broker-dealers, broker-dealer agents, investment advisers, and/or investment adviser representatives or otherwise offering and/or selling securities in and/or from the state of Oklahoma;

II.

An order requiring Defendants to pay restitution of the amounts of money paid to any and all Investors who purchased Note Purchase Agreements from Defendants;

III.

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

Respectfully submitted,

OKLAHOMA DEPARTMENT OF SECURITIES
Irving L. Faught, Administrator

By:



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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.

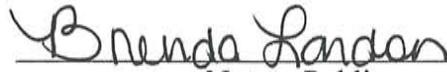
(SEAL)



Irving L. Faught, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES
120 North Robinson, Suite 860
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Subscribed and sworn to before me this 5th day of July, 2013.

(NOTARIAL SEAL)



Notary Public

