

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
THE FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Nu Gospel Records,
Pocket Pay Solutions,
and DeAngelo C. Spotwood,

Respondents.

ODS File No. 06-079

ORDER TO CEASE AND DESIST

Pursuant to Section 1-602 of the Oklahoma Uniform Securities Act of 2004 (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), an investigation was conducted by the Enforcement Division of the Oklahoma Department of Securities (Department) into the activities of Nu Gospel Records (NGR), Pocket Pay Solutions (Pocket Pay), and DeAngelo C. Spotwood (Spotwood) (collectively "Respondents") in connection with the offer and/or sale of securities in and/or from the state of Oklahoma.

The Administrator of the Department, being fully advised in this matter, finds that the issuance of this order is in the public interest and does hereby adopt the Findings of Fact and Conclusions of Law set forth below.

Findings of Fact

1. NGR, an unincorporated entity, purports to be in the business of recording and distributing music to be sold worldwide. NGR's principal place of business is located at 1821 North Classen Boulevard, Oklahoma City, Oklahoma.
2. Pocket Pay is a limited liability company formed under the laws of the state of Oklahoma on October 17, 2003, with its principal place of business at 5513 Shalimar Drive, Oklahoma City, Oklahoma. Pocket Pay purports to have developed a software product that enables individuals and/or businesses to make and/or receive money transfers, direct deposits, and account payments via a debit card.
3. Spotwood is the chief executive officer (CEO) and owner of NGR and Pocket Pay.
4. In July 2005, Spotwood asked R.L. Cooks (Cooks), a resident of the state of Ohio, to invest in a joint venture with NGR (NGR Joint Venture). Spotwood told Cooks that for an investment of Twelve Hundred Dollars (\$1,200), he [Cooks] would get

a ten percent (10%) interest in the NGR Joint Venture. The agreement further provided that the NGR Joint Venture, for the sum of Eighteen Hundred Dollars (\$1,800), would make a music video for Cooks. On or about July 11, 2005, Cooks signed the agreement and paid Twelve Hundred Dollars (\$1,200) to purchase a ten percent (10%) interest in the NGR Joint Venture.

5. The terms of the NGR Joint Venture agreement provided that Spotwood would have full and complete authority and discretion in the management and control of NGR Joint Venture. Cooks was not to participate in or have any control over the NGR Joint Venture. The agreement also provided "that within 30 days if he [Cooks] does not at least double his initial investment then he will be fully refunded no questions asked."

6. In July 2005, Spotwood also offered Cooks an investment in a joint venture with Pocket Pay (Pocket Pay Joint Venture). Spotwood told Cooks that for an investment of Three Thousand Dollars (\$3,000), he [Cooks] would get a thirty percent (30%) interest in the Pocket Pay Joint Venture. On or about July 14, 2005, Cooks entered into a joint venture agreement with Pocket Pay. The Pocket Pay Joint Venture agreement was executed by Spotwood as the owner and CEO of Pocket Pay.

7. The terms of the Pocket Pay Joint Venture agreement provided that Spotwood would have full and complete authority and discretion in the management and control of the Pocket Pay Joint Venture. Cooks was not to participate in or have any control over the Pocket Pay Joint Venture.

8. Between July 18, 2005, and September 13, 2005, Cooks invested a total of \$4,200 in the NGR Joint Venture and Pocket Pay Joint Venture.

9. In October 2005, Cooks requested a refund of his investment in the NGR and Pocket Pay Joint Ventures. To date, Cooks has not received any return on his investments nor a refund. Further, no music video has been made for Cooks even though he paid Eighteen Hundred Dollars (\$1,800) for the video.

10. The interests in the NGR and Pocket Pay Joint Ventures were not registered under the Act.

11. Spotwood and NGR omitted to disclose the following facts in connection with the offer and sale of the interests in the NGR Joint Venture:

- (a) that the joint venture interest was a security;
- (b) that the joint venture interest was not exempt from registration under the Act; and
- (c) the risks involved with the investment including, but not limited to, the possibility that funds would not be available to refund Cook's investment, as provided in the joint venture agreement.

12. Spotwood and Pocket Pay omitted to disclose the following facts in connection with the offer and sale of the interests in the Pocket Pay Joint Venture:

- (a) that the joint venture interest was a security;
- (d) that the joint venture interest was not exempt from registration under the Act; and
- (c) the risks involved with the investment.

To the extent any of these Findings of Fact are more properly characterized as Conclusions of Law, they should be so considered.

Authorities

1. Section 1-102 provides in part:

In this act, unless the context otherwise requires:

* * *

32. "Security" means a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or, in general, an interest or instrument commonly known as a "security," or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. The term:

* * *

- d. includes as an "investment contract" an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor and a "common enterprise" means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors.

2. Section 1-301 of the Act provides:

It is unlawful for a person to offer or sell a security in this state unless:

- (1) The security is a federal covered security;
- (2) The security, transaction, or offer is exempted from registration under Sections 6 through 8 of this act [Sections 1-201 through 1-203 of this title]; or
- (3) The security is registered under the act.

3. Section 1-501 of the Securities Act provides in pertinent part:

It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:

* * *

2. To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading; or

3. To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

4. Section 1-604 of the Act provides in part:

A. If the Administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice or that a person has

materially aided, is materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice, the Administrator may:

1. Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act[.]

* * *

- B. An order under subsection A of this section is effective on the date of issuance. Upon issuance of the order, the Administrator shall promptly serve each person subject to the order with a copy of the order and a notice that the order has been entered. The order must include a statement whether the Administrator will seek a civil penalty or costs of the investigation, a statement of the reasons for the order, and notice that, within fifteen (15) days after receipt of a request in a record from the person, the matter will be scheduled for a hearing and the hearing shall be commenced within fifteen (15) days of the matter being set for hearing. If a person subject to the order does not request a hearing and none is ordered by the Administrator, within thirty (30) days after the date of service of the order, the order, that may include a civil penalty or costs of the investigation if a civil penalty or costs were sought in the statement accompanying the order, becomes final as to that person by operation of law. If a hearing is requested or ordered, the Administrator, after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend it until final determination.

* * *

- D. In a final order under subsection C of this section, the Administrator may impose a civil penalty up to a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or up to Two Hundred Fifty Thousand Dollars (\$250,000.00) for multiple violations in a single proceeding or a series of related proceedings.

Conclusions of Law

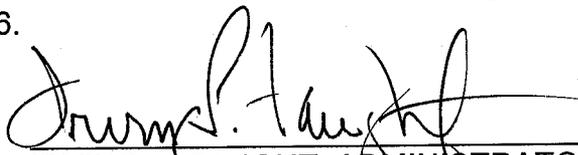
1. The joint venture interests are securities as defined by 1-102 of the Act.
2. Respondents offered and sold unregistered securities in the state of Oklahoma, in violation of Section 1-301 of the Act.
3. Respondents omitted to state material facts necessary in order to make the statement made, in the light of the circumstances under which they were made, not misleading in connection with the offer and/or sale of a security in the state of Oklahoma, in violation of Section 1-501 of the Act.
4. Respondents engaged in an act, practice, or course of business that operated as a fraud or deceit upon another person, in violation of Section 1-501 of the Act.
5. The Administrator has the authority to order Respondents to cease and desist from omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, and from engaging in an act, practice, or course of business constituting a violation of the Act and/or Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules), in connection with the offer or sale of a security.
6. It is in the public interest to order Respondents to cease and desist from omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, and from engaging in an act, practice or course of business constituting a violation of the Act and/or Rules, in connection with the offer or sale of a security.

To the extent any of these Conclusions of Law are more properly characterized as Findings of Fact, they should be so considered.

IT IS HEREBY ORDERED that NGR, Pocket Pay, and Spotwood cease and desist from omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, and from engaging in any act, practice, or course of business constituting a violation of the Act and/or the Rules, in connection with the offer or sale of a security.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 14th day of December, 2006.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

NOTICE OF OPPORTUNITY FOR HEARING

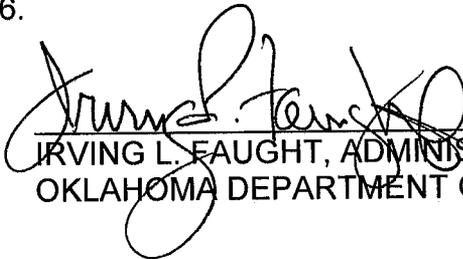
Pursuant to Section 1-604 of the Act, the Administrator hereby gives notice to Respondents of the right to request a hearing. The request for hearing must be received by the Administrator within thirty (30) days after service of this Order. The request for hearing must be in writing and Respondents shall specifically admit or deny each allegation against Respondents that is contained in the Recommendation.

Within fifteen (15) days after receipt of a request for hearing from Respondent, this matter will be scheduled for hearing. The hearing shall commence within fifteen (15) days of the matter being set for hearing. Notice of the date, time and location of the hearing shall be given to Respondents. If a hearing is requested, the Administrator, after notice and opportunity for hearing to Respondents, may modify or vacate this Order or extend it until final determination.

If Respondents do not request a hearing within thirty days (30) days after the date of service of this Order, and none is ordered by the Administrator, the Order becomes final as to Respondents by operation of law.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 14th day of December, 2006.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

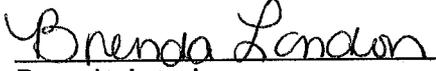
CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 15th day of December, 2006, a true and correct copy of the above and foregoing Order to Cease and Desist and Notice of Opportunity for Hearing was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

Nu Gospel Records
1821 N. Classen Blvd.
Oklahoma City, OK 73106

Pocket Pay Solutions
5513 Shalimar Drive
Oklahoma City, OK 73135

DeAngelo C. Spotwood
5513 Shalimar Drive
Oklahoma City, OK 73135


Brenda London
Brenda London
Paralegal