

explained the deficiency, however, prior to the 341 hearing, and the 2004 examination, Department received two copies of all of the Debtors transactions, not only from the Debtor, but from the banking institutions which handled all of the transactions. Department has been aided with the assistance of CPA's, accountants, and attorneys to review 100% of all the transactions involved with the issues surrounding the Marsha Schubert Purported Investment Program.

Department has also been supplied with all of the taxpayer's individual and business income tax returns to compare with the bank statements showing all of the transactions during the period in question. The Department has had ample opportunity to secure the information needed to determine that Debtor has meet his burden to have this debt discharged.

5. Denied. There is nothing in Department's Order of Judgment that makes their claim excepted from a discharge in bankruptcy.
6. Agreed. The Department has correctly noted that Marsha Schubert, **individually** and doing business as Schubert and Associates, orchestrated a securities fraud in and from Crescent, OK. The Court should note that the Debtor, Robert William Mathews, was not the person that operated the securities fraud, he was only a "pawn" in the ugly events that were staged without Debtor's knowledge and consent.

Department claims that Debtor materially aided the fraudulent securities scheme, however, while Marsha Schubert used Debtor to further her scheme, at no time was Debtor knowledgeable of her activities and it was only after the Department closed down Marshal Schubert, did Debtor have any knowledge of wrongdoings.

Department claims that Debtor obtained money by false pretenses, a false representation, or actual fraud. False pretenses and false representation are the crimes of "knowingly obtaining

title to another's personal property by misrepresenting a fact with the intent to defraud.”

Fraud is the “knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment.” At no time did Debtor have any knowledge of any wrong doing surrounding the actions of Marsha Schubert.

7. Denied. The Debtors discharge under Chapter 7 of the Code do in fact discharge this debt.
8. Agreed.

CONCLUSION

This Court should take note of the following facts that are at the center of this case.

- A. The Department brought charges against Marsha Schubert, however, in the two (2) plus years since they filed claims against Marsha Schubert, they have not brought any charges against the Debtor, because their allegations of fraud and false pretenses are not supported by the facts, because “but for” the fact that Marsha Schubert was using Debtor’s checking account (she was able to use Debtor’s lack of investment experience), Marsha Schubert would not have been able to “run her scheme” for her own benefit as long as she did.
- B. The Department has had over two (2) years to trace all of the monies that were deposited into and taken out of the Debtor’s checking account and during this period of time their accountants, CPAs and lawyers have not found any expenditures that Debtor made other than those that were reported on his individual income tax returns as required by the IRS.
- C. The Debtor is not a “learned person”, having only a high school education. Debtor did not have the knowledge of the investment scheme that Marsha Schubert was conducting.
- D. The Department also knows that Marsha Schubert was successful in gaining the trust of not only the Debtor, but she convinced lawyers, bankers, real estate brokers, and persons with college education to invest monies into her “day trading” scheme.

Wherefore, Debtor respectfully requests that this Court deny Department's request of an Order Denying Debtor's Discharge and Determining that this Debt is non-dischargeable.

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CERTIFICATE OF SERVICE

I hereby certify that on this 6th day of August, 2007, I electronically transmitted the attached document to the Clerk of the Court using the ECF System for filing. Electronic Filing to the following ECF registrants:

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