

The State of Texas, Plaintiff in the above-entitled and numbered cause (hereinafter referred to as the "**State**" or "**Plaintiff**"), acting by and through Greg Abbott, Attorney General of Texas, at the request of Denise Voigt Crawford, Securities Commissioner of the State of Texas (hereinafter referred to as the "Securities Commissioner"), files this Original Petition, verified upon information and belief by the Securities Commissioner, complaining of **Defendants Warr Investment Group, LLC, Warr International Group, LLC, James Elton "Jim" Warr, and Mark Cuba** and makes this application for an *ex parte* temporary restraining order, temporary and permanent injunction, restitution, disgorgement, temporary and permanent receiver, and other equitable relief.

The State also seeks immediate injunctive relief against **Elton James, LLC, Texas Note Company, LLC, 1501 and 1505 Main Street, Orange, Texas 77630 Trust, 1205 Link Avenue, Orange, Texas 77630 Trust, 4218 5TH Street, Abilene, Texas 79605 Trust, 1006 E. Timberview Lane, Arlington, Texas 76014 Trust, 980 Vivian Street, Bridge City, Texas 77611 Trust, 592 N. Lydia Street, Stephenville, Texas 76401 Trust, 3725 Yellowstone Street, Irving, Texas 75235 Trust, 608 W. 8TH Street, Dallas, Texas 75208 Trust, 4854 Loma Loop, Sierra Vista, Arizona 85635 Trust, 16 Jay Circle, Cabot, Arkansas 72023 Trust, and TFSBJW, LLC d/b/a Texas Financial Solutions as Relief Defendants**, to restrain any transfer of money or other assets it holds in the name of or pursuant to any account or interest of Defendants to the extent such money or assets are derived from Defendants' operations and to restrain any alteration, destruction, concealment, or transfer of any records or information related to Defendants, or the disposition of investor-derived funds. The State has reason to believe the Relief Defendants hold money or other assets derived from investor funds or records related to the Defendants' scheme. The money and assets sought to be thus protected include all money and assets on deposit with, held by, or under the control of the Relief Defendants to the extent such money or assets are subject to any claim whatsoever, whether direct or contingent. *No wrongdoing is alleged herein against the Relief Defendants.*

In support of these requests, the State would show the Court the following:

DISCOVERY CONTROL PLAN

1. Pursuant to Texas Rule of Civil Procedure 190, discovery in this cause is intended to be conducted under Level 2.

NATURE OF THIS ACTION

2. This action is brought in the name of the State of Texas by the Attorney General of Texas, acting within the scope of his official duties under the authority granted to him under the Constitution and laws of Texas. It is brought for injunctive relief, restitution, disgorgement of economic benefits, receivership, and other equitable relief at the request of the Securities Commissioner, who, in making such a

request, is acting within the scope of her official duties and authority under The Securities Act, TEX. REV. CIV. STAT. ANN. Art 581-1 et seq. (Vernon 2010) (hereinafter referred to as the "Texas Securities Act" or the "Securities Act").

THE DEFENDANTS

3. **WARR INVESTMENT GROUP, LLC** (hereinafter referred to as "Defendant Warr Investment"), is a Texas Domestic Limited Liability Company that maintains a business address at 11149 Research Blvd., Suite 320, Austin, Texas 78759. It may be served with process through its Registered Agent, James Elton "Jim" Warr, at this business address.
4. **WARR INTERNATIONAL GROUP, LLC** (hereinafter referred to as "Defendant Warr International"), is a Texas Domestic Limited Liability Company that maintains a business address at 11149 Research Blvd., Suite 320, Austin, Texas 78759. It may be served with process through its Registered Agent, James Elton "Jim" Warr, at this business address.
5. **JAMES ELTON "JIM" WARR** (hereinafter referred to as "Defendant Warr") is the Chief Executive Officer and a Member of Defendant Warr Investment and a Manager of Defendant Warr International. Defendant Warr may be served with process at the business address of Defendant Warr Investment and Defendant Warr International.
6. **MARK CUBA** (hereinafter referred to as "Defendant Cuba") is the Director of Sales of Defendant Warr Investment and purports to be a Manager of Defendant Warr International. He may be served with process at the business address of Defendant Warr Investment and Defendant Warr International.

THE RELIEF DEFENDANTS

7. **ELTON JAMES, LLC** (hereinafter referred to as "Relief Defendant Elton James"), is a Texas Domestic Limited Liability Company that maintains a business address at 11149 Research Blvd., Suite 320, Austin, Texas 78759. It may be served with process through its Registered Agent, Julie Murray, at its business address.
8. **TEXAS NOTE COMPANY, LLC** (hereinafter referred to as "Relief Defendant Texas Note Company") is a Texas Domestic Limited Liability Company that maintains a business address at 3571 Far West Blvd., #213, Austin, Texas 78731. It may be served with process through its Registered Agent, Robert E. Young, III, at its business address.
9. **1501 AND 1505 MAIN STREET, ORANGE, TEXAS 77630 TRUST** is a trust organized by Private Client Financial Network Trust that maintains a business

address at 130 Marseille, Maumelle, Arkansas 72113. It may be served with process through its Trustee, Raleigh Marcotte, at its business address.

10. **1205 LINK AVENUE, ORANGE, TEXAS 77630 TRUST** is a trust organized by Private Client Financial Network Trust that maintains a business address at 130 Marseille, Maumelle, Arkansas 72113. It may be served with process through its Trustee, Raleigh Marcotte, at its business address.
11. **4218 5TH STREET, ABILENE, TEXAS 79605 TRUST** is a trust organized by Private Client Financial Network Trust that maintains a business address at 130 Marseille, Maumelle, Arkansas 72113. It may be served with process through its Trustee, Raleigh Marcotte, at its business address.
12. **1006 E. TIMBERVIEW LANE, ARLINGTON, TEXAS 76014 TRUST** is a trust organized by Private Client Financial Network Trust that maintains a business address at 130 Marseille, Maumelle, Arkansas 72113. It may be served with process through its Trustee, Raleigh Marcotte, at its business address.
13. **980 VIVIAN STREET, BRIDGE CITY, TEXAS 77611 TRUST** is a trust organized by Private Client Financial Network Trust that maintains a business address at 130 Marseille, Maumelle, Arkansas 72113. It may be served with process through its Trustee, Raleigh Marcotte, at its business address.
14. **592 N. LYDIA STREET, STEPHENVILLE, TEXAS 76401 TRUST** is a trust organized by Private Client Financial Network Trust that maintains a business address at 130 Marseille, Maumelle, Arkansas 72113. It may be served with process through its Trustee, Raleigh Marcotte, at its business address.
15. **3725 YELLOWSTONE STREET, IRVING, TEXAS 75235 TRUST** is a trust organized by Private Client Financial Network Trust that maintains a business address at 130 Marseille, Maumelle, Arkansas 72113. It may be served with process through its Trustee, Raleigh Marcotte, at its business address.
16. **608 W. 8TH STREET, DALLAS, TEXAS 75208 TRUST** is a trust organized by Private Client Financial Network Trust that maintains a business address at 130 Marseille, Maumelle, Arkansas 72113. It may be served with process through its Trustee, Raleigh Marcotte, at its business address.
17. **4854 LOMA LOOP, SIERRA VISTA, ARIZONA 85635 TRUST** is a trust organized by Private Client Financial Network Trust that maintains a business address at 130 Marseille, Maumelle, Arkansas 72113. It may be served with process through its Trustee, Raleigh Marcotte, at its business address.
18. **16 JAY CIRCLE, CABOT, ARKANSAS 72023 TRUST** is a trust organized by Private Client Financial Network Trust that maintains a business address at 130 Marseille, Maumelle, Arkansas 72113. It may be served with process through its Trustee, Raleigh Marcotte, at its business address.

19. The Relief Defendants in paragraphs 8 through 17 hereinafter will be collectively referred to as "Relief Defendants Trusts."
20. **TFSBJW, LLC d/b/a TEXAS FINANCIAL SOLUTIONS** (hereinafter referred to as "Relief Defendant TFSBJW") is a Texas Domestic Limited Liability Company that maintains a business address at 701 Brazos St., Suite 500, Austin, Texas 78701. It may be served with process through its Registered Agent, James E. Warr, III. It may also be served with process at the residential address of James E. Warr, III at 210 Canyon Wren Drive, Buda, Texas 78610.

JURISDICTION

21. The Court has jurisdiction over this action under Sections 25-1 and 32 of the Texas Securities Act.

VENUE

22. Venue is proper in Travis County, Texas under Sections 25-1.B and 32.A of the Texas Securities Act.

SUMMARY

23. Defendants are defrauding the public through their illegal and deceptive sales of securities in real estate investment programs.
24. Defendants Warr Investment, Warr, and Cuba are touting the profitability of the real estate investment programs by claiming investors will receive a guaranteed eight percent per annum return. They are also telling investors the real estate investment program is a safe, secure, and lucrative alternative to certificates of deposit, stock, and other traditional investments.
25. Defendants Warr Investment and Warr, however, are misusing and misapplying monies received from the public. Defendants Warr Investment and Warr have not used these funds to purchase real estate notes or effectuate hard money loans pursuant to the terms of the offering. Instead, Defendants Warr Investment and Warr have used the majority of these funds to pay commissions to unregistered sales agents, pay for dining and restaurant expenses, purchase a 2008 E350 Mercedes Benz, and cover other costs wholly unrelated to the purchase of income-producing assets.
26. The Deputy Securities Commissioner entered an Emergency Cease and Desist Order against Defendants Warr Investment, Warr, and Cuba. This law

enforcement action required the parties to immediately cease their illegal, fraudulent, and deceptive practices.

27. After being served with the Emergency Cease and Desist Order, Defendants Warr Investment and Warr purported to comply with the law. In truth and in fact, however, Defendants Warr International, Warr, and Cuba continued to illegally offer securities to the investing public and Defendant Warr even organized Defendant Warr International after entry of the Emergency Cease and Desist Order to continue the fraudulent scheme.

THE UNDERCOVER INVESTIGATION

28. In or around April 2010, Defendant Warr organized Defendant Warr Investment and began advertising its real estate investment program. The Enforcement Division of the Texas State Securities Board thereafter conducted an undercover investigation of Defendants Warr Investment, Warr, and Cuba to determine whether they were engaged in violations of the Texas Securities Act. Rani Sabban, a Financial Examiner with the Enforcement Division, executed an affidavit that summarizes this undercover investigation, a true and accurate copy of which is attached hereto as **Exhibit A** and incorporated into this pleading as if fully set forth herein.

THE FRAUDULENT SCHEME

29. Beginning in or around April 2010 and continuing through the present, Defendants Warr Investment, Warr, and Cuba have offered and sold and/or are continuing to offer and sell securities in a real estate investment program frequently referred to as the Safe Savings Account or the WIG Program (the "Warr Investment Program").
30. Defendants Warr Investment, Warr, and Cuba are touting the safety, security, and profitability of the Warr Investment Program, which is purportedly structured as follows:
 - A. Investors are required to invest a minimum of \$100.00 and pay a one-time, non-refundable \$50.00 fee.
 - B. The remaining principal is pooled in an escrow account and thereafter used to purchase income-producing real estate notes or to effectuate hard money loans. These real estate notes or hard money loans will generate revenue used to pay a return to investors.
 - C. The income-producing instruments will be titled in the name of a trust. Investors will thereafter be named as irrevocable beneficiaries in the trust for the amount of their deposit. Defendant Warr Investment will be named

as the remainder beneficiary and will be entitled to payment only when investors have received a monthly return of eight percent per annum interest payable on a regular basis.

- D. Defendant Warr Investment is guaranteeing the monthly return of eight percent per annum.
31. Defendants Warr Investment, Warr, and Cuba are favorably comparing the Warr Investment Program to certificates of deposit, savings accounts, the stock market, and money market accounts and claiming the Warr Investment Program is the safest way for investors to plan for their retirement. The Warr Investment Program is being described as follows:
- A. Tired of gambling on the uncertainty of the stock market? Roll over your 401(k) to an IRA and start earning an 8% interest rate today!
 - B. 8% in 10 years turns \$11,500 into \$25,188 with the Safe Savings Account! You lose money in the Stock Market.
 - C. While banks give you an insurance policy in the form of an FDIC certificate to secure your deposits, our SAFE Savings Accounts provide [investors] with collateral in the form of real hard assets, i.e., real estate. We purchase performing residential real estate notes at a discount and spread the collateral among several properties to ensure 'safe' collateral. Simple and safe.
 - D. The property cannot be mortgaged or sold unless you've been paid.
32. Defendants Warr Investment, Warr, and Cuba are also claiming the Warr Investment Program provides safety through its use of collateral and trusts, which are structured in the following manner:
- A. Each trust is authorized to issue 100 certificates, also referred to as certificate units or TCUs. These certificates collectively represent all of the rights to distribution from the trust estate and are conveyed to Defendant Warr Investment immediately after the settlement of the trust.
 - B. Defendant Warr Investment thereafter distributes the certificates to investors. These certificates reportedly evidence the right to income promised by Defendant Warr Investment to the investors.
 - C. Ownership of the certificates does not entitle investors to any legal or equitable title in the trust or in the instruments or other assets held by the trust.

- D. The trustee is provided with broad authority to deal with the corpus of the trust without first consulting with or receiving authority from the purported beneficiaries. For example, the trustee is specifically authorized to:
- i. Compromise or abandon any claims arising out of, in favor of, or against the trust or its estate, and the trustee's good faith decision in that regard shall be binding and conclusive on all parties.
 - ii. Sell trust property at public or private sale for cash and/or credit upon such terms and conditions as he or she deems proper.
 - iii. The trustee may sell, grant, convey, mortgage, option, rent, lease, or pledge all trust assets, real, personal or mixed, in such manner as deemed appropriate.
 - iv. To sell, grant, convey, mortgage, option, rent, lease, or pledge all trust estate assets as he or she deems appropriate.
 - v. Pay returns to investors.
33. Regardless of the structure of the trusts and the assignment of interests in the real estate notes or hard money loans, Defendants Warr Investment and Warr have not and are not telling investors they are actually accounting for these instruments as assets owned by Defendant Warr Investment.
34. From April 2010 to the present, Defendants Warr Investment and Warr raised at least \$972,286.67 from at least thirty investors. Approximately \$53,500.00 of the monies raised was deposited into accounts maintained by Relief Defendant TFSBJW. Defendants Warr Investment and Warr used only approximately \$511,965.88 to purchase real estate notes and/or to effectuate hard money loans. The remainder of monies tendered by investors were used to pay for other expenses such as:
- A. Approximately \$121,428.73 was used to pay commissions for the sale of unregistered securities;
 - B. Approximately \$40,595.00 was used to purchase a 2008 E350 Mercedes Benz;
 - C. Defendants received approximately \$20,258.69 in cash withdrawals;
 - D. Approximately \$18,905.65 was spent on personal uses such as restaurants (including purchases at Texas Land and Cattle, Screaming Goat, Habanero Mexican, and Mighty Fine Burger among others), travel (including airfare with Southwest and Continental Airlines among others), etc.; and

- E. Approximately \$182,428.63 was used for purposes unrelated to the purchase of real estate notes and/or to effectuate hard money loans.
35. On September 21, 2010, the Deputy Securities Commissioner entered Emergency Cease and Desist Order No. ENF-10-CDO-1693 (hereinafter referred to as the "Emergency Order") against Defendants Warr Investment, Warr, and Cuba. The Emergency Order required said parties to immediately cease their illegal, fraudulent, and deceptive practices, and it is now final and not subject to appeal.
36. Even though they were served and purported to comply with the Emergency Order, the parties have since engaged in the following conduct:
- A. Defendants Warr Investment, Warr, and Cuba have continued to offer the Warr Investment Program.
- B. A Manager of Defendant Warr Investment contacted the Austin American-Statesman and provided the following false information:
- FYI, the TSSB has deemed Warr Investment Group exempt as a security in accordance to Article J in the TSSB code. As far as I know, WIG was cleared of any suspicion of wrong doing (never did anything illegal, dishonest, or wrong) and is resuming business legally, above board, and without any negative findings from the TSSB.
- C. Defendant Warr organized Defendant Warr International with the Secretary of State.
- D. The internet websites maintained by Defendant Warr Investment were changed to reflect the name of Defendant Warr International.
- E. Defendant Warr International is now offering securities that are the same, in all material respects, as the securities issued by Defendant Warr Investment.
- F. Defendants Warr International and Cuba placed advertisements that sought applicants to perform "cold calling" and to "clos[e] deals over the phone and the internet."
- G. Defendant Warr voiced a radio advertisement that was carried on FM 104.9. The advertisement described a real estate opportunity that provides an eight percent guaranteed return.
- H. Defendants Warr Investment and Warr contacted the Better Business Bureau and provided it with information that falsely represented Defendant Warr Investment is not "[a] business that carries on securities transactions

under regulation by the Texas State Securities Board or the Federal Securities and Exchange Commission.”

- I. Defendants Warr and Warr International posted a video on <http://www.youtube.com> advertising the Warr International Program. The Warr International Program was described as safe, high-paying, and guaranteeing an eight percent return.
37. Defendants are now offering for sale and selling investments in a real estate investment program referred to as the Commercial Lending Program (hereinafter referred to as the “Warr International Program”). The Warr International Program uses different terminology than the Warr Investment Program but otherwise is the same as or substantially similar to the Warr Investment Program. It is purportedly structured as follows:
- A. Investors, referred to as Affiliate Commercial Lenders, are required to invest a minimum of \$100.00 and pay \$50.00 as an administrative fee.
 - B. Monies tendered by investors are pooled in an escrow account and thereafter used to purchase income-producing real estate notes or to effectuate hard money loans. These real estate notes or hard money loans will generate revenue used to pay a return to investors.
 - C. The first lien of each property will be titled in the name of a trust. Investors will thereafter be named as irrevocable beneficiaries in the trust for the amount of their deposit. Defendant Warr International will be named as the remainder beneficiary and will be entitled to payment only when investors have received a monthly return of eight percent per annum interest.
 - D. Defendant Warr International is guaranteeing the monthly return of eight percent per annum.

THE ROLE OF THE RELIEF DEFENDANTS

38. Defendants Warr Investment, Warr, and Cuba directed potential investors to Relief Defendant Elton James, a company that purportedly operated as an IRA custodian. In truth and in fact, however, Defendant Warr actually organized Relief Defendant Elton James, and Julie Murray, his daughter, is named as its controlling person.
39. Relief Defendant Elton James received a significant amount of monies tendered by investors and is therefore named in this action as a Relief Defendant.

40. Relief Defendant Texas Note Company received monies tendered by the borrowers on the notes purchased by Warr Investment and is therefore named in this action as Relief Defendant.
41. Relief Defendants Trusts appear to own the properties investors are purportedly beneficiaries in and are therefore named in this action as Relief Defendants.
42. Relief Defendant TFSBJW received monies tendered by investors and is therefore named in this action as a Relief Defendant.

DEFENDANTS OFFERED FOR SALE AND SOLD SECURITIES

43. Section 4.A of the Texas Securities Act defines the term "security" to include an "investment contract."
44. The Texas Supreme Court has held an "investment contract" is an (1) investment of money or property into (2) a common enterprise with (3) the expectation of profit (4) to be derived from the essential managerial efforts of others, whereby the efforts made by those other than the investor are undeniably significant ones, those essential managerial efforts which affect the failure or success of the enterprise. See Sears v. Commercial Trading Corp., 560 S.W.2d 637, 640 (Tex. 1978). The investments in the Warr Investment Program and the Warr International Program satisfy all four factors of this test. The investments therein are therefore "investment contracts" and they constitute securities under Texas law.
45. The Texas Securities Act also defines the term "security" to include an "evidence of indebtedness." The Texas Supreme Court and the Texas Court of Criminal Appeals have defined the term "evidence of indebtedness" to include "all contractual obligations to pay in the future for consideration presently received." Sears v. Commercial Trading Corp., 560 S.W.2d 637, 641 (Tex. 1978); see also Thomas v. State, 919 S.W.2d 427 (Tex.Cr.App. 1996). The investments in the Warr Investment Program and the Warr International Program satisfy both prongs of this test. The investments therein are therefore "evidences of indebtedness" and they constitute securities under Texas law.

CAUSE OF ACTION NO. 1 **DEFENDANTS OFFERED AND SOLD UNREGISTERED SECURITIES**

46. The Texas Securities Act prohibits the sale or offer for sale of unregistered securities. Section 7.A(1) of the Texas Securities Act provides:

No dealer, agent or salesman, shall sell or offer for sale any securities issued after September 6, 1955, except those which shall have been registered by Notification under subsection B or by

Coordination under subsection C of this Section 7 and except those which come within the classes enumerated in Section 5 or Section 6 of the Act, until the issuer of such securities or a dealer registered under the provisions of this Act shall have been granted a permit by the Commissioner. . .

47. The investments in the Warr Investment Program and the Warr International Program have not been registered with the Securities Commissioner, and a permit has not been granted for their sale as required by Section 7 of the Texas Securities Act.

CAUSE OF ACTION NO. 2
DEFENDANTS WERE NOT REGISTERED TO OFFER OR SELL SECURITIES

48. Section 12.A of the Texas Securities Act provides all persons selling or offering to sell securities in Texas must be registered under the Act as follows:

Except as provided in Section 5 of this Act, no person, firm, corporation or dealer shall, directly or through agents or salesmen, offer for sale, sell or make a sale of any securities in this state without first being registered as in this Act provided. No salesman or agent shall, in behalf of any dealer, sell, offer for sale, or make sale of any securities within the state unless registered as a salesman or agent of a registered dealer under the provisions of this Act.

49. Defendants were not registered as dealers, agents, or salesmen required by Section 12.A of the Texas Securities Act.

CAUSE OF ACTION NO. 3
FRAUD AND FRAUDULENT PRACTICES
IN CONNECTION WITH THE SALE OF SECURITIES

50. Sections 25-1 and 32.A of the Texas Securities Act prohibit the use of fraud and fraudulent practices in connection with the offer for sale and sale of securities. Section 4.F of the Texas Securities Act defines fraud and fraudulent practice as follows:

The term "fraud" or "fraudulent practice" shall include any misrepresentations, in any manner, of a relevant fact; any promise or representation or prediction as to the future not made honestly and in good faith, or an intentional failure to disclose a material fact; . . . provided, that nothing herein shall limit or diminish the full meaning of the terms "fraud," "fraudulent," and "fraudulent practice" as applied or accepted in courts of law or equity.

51. In connection with the offer for sale and sale of investments in the Warr Investment Program and the Warr International Program, Defendants have engaged and/or are engaging in fraud by intentionally failing to disclose one or more of the following material facts:
- A. The criteria used to identify real estate notes and to evaluate making hard money loans and other information that relates to the ability of Defendant Warr to acquire instruments that successfully generate sufficient revenue to pay investors the rate of return;
 - B. The operational history of Defendants Warr Investment and Warr International, including their record in successfully identifying real estate notes and evaluating hard money loans;
 - C. The assets, liabilities, and capitalization of Defendants Warr Investment and Warr International and other information that relates to the ability of Defendants Warr Investment and Warr International to satisfy their guarantee that investors will receive an eight percent per annum return;
 - D. True and correct information relating to Relief Defendant Elton James, including any contracts or agreements by or between Defendants and Relief Defendant Elton James, the relationship between Defendant Warr and Julie Murray, and their knowledge of any efforts that Relief Defendant Elton James has undertaken to lawfully act as an IRA custodian;
 - E. True and complete information regarding the trusts and the business repute and qualifications of the trustee; and
 - F. The identity or existence of risks associated with the purchase of the investments in the Warr Investment Program or the Warr International Program.
52. In connection with the offer for sale and sale of investments in the Warr Investment Program, Defendants Warr Investment and Warr have engaged and/or are engaging in fraud by intentionally failing to disclose one or more of the following material facts:
- A. Defendants Warr Investment and Warr have spent investor funds on expenses other than the acquisition of real estate notes or the effectuation of hard money loans, including the payment commissions to unregistered sales agents, the payment for dining and restaurant expenses, the purchase of a 2008 E350 Mercedes Benz, and the covering of other costs wholly unrelated to the purchase of income-producing assets.

- B. Defendants Warr Investment and Warr are accounting for the real estate notes and the interests in the hard money loans as assets of Defendant Warr Investment.
53. In connection with the offer for sale and sale of the Warr Investment Program, Defendants Warr Investment and Warr have engaged and/or are engaging in fraud by misrepresenting one or more of the following relevant facts:
- A. All principal tendered by investors, less de minimus up-front fees, will be used to purchase real estate notes or to effectuate hard money loans.
 - B. The Warr Investment Program guarantees eight percent interest while providing investors with collateral, when in truth and in fact investors are not provided with the collateral and are not provided with any legal or equitable title in the trust or in the instruments or other assets held by the trust.
54. Defendants Warr Investment and Warr have made and/or are making offers containing statements that are materially misleading or otherwise likely to deceive the public by:
- A. Representing the property cannot be mortgaged or sold unless investors have been paid, when in truth and in fact the trustee alone is authorized to:
 - i. Sell trust property at public or private sale for cash and/or credit upon such terms and conditions as he or she deems proper;
 - ii. Sell, grant, convey, mortgage, option, rent, lease, or pledge all trust assets, real, personal or mixed, in such manner as deemed appropriate; and
 - iii. To sell, grant, convey, mortgage, option, rent, lease, or pledge all trust estate assets as he or she deems appropriate;
 - B. Representing the investments sold by Defendants Warr Investment and Warr International are not businesses that carry on securities transactions under regulation by the Texas State Securities Board or the Federal Securities and Exchange Commission, when in truth and in fact Defendants Warr Investment and Warr International are engaging in the offer for sale and sale of securities, and the registration and anti-fraud provisions of the statute apply to these transactions; and
 - C. Touting the guarantee and comparing the safety, security, and profitability of the WIG Investment Program to certificates of deposit, savings accounts, money market accounts, and the stock market while failing to disclose the material facts set forth herein.

THE NEED FOR INJUNCTIVE RELIEF

55. Paragraphs 29 through 54 above are incorporated by reference as if fully set forth herein.
56. Immediate injunctive relief in the form of a temporary restraining order against Defendants is necessary to restrain Defendants from wasting, secreting, and otherwise dissipating the investors' funds, derived funds, revenues, and other assets required and held in connection with the sale of the above-described securities to the public.
57. The Plaintiff believes that if Defendants had notice of this action, they would dispose of, transfer, alter, pledge, or conceal money, property, assets, books, and records obtained from investors, and transfer money to accounts beyond the reach of Texas courts, and that an *ex parte* order is thus necessary to prevent the irreparable harm to investors that would result from such conduct.
58. Defendants' misrepresentations and non-disclosures set forth above are of such a serious character that there is substantial likelihood funds may be secreted or disposed of if Defendants are provided with notice of a proceeding, thus causing irreparable harm to investors.
59. Section 32.A of the Texas Securities Act authorizes the Attorney General, upon the request of the Commissioner, to bring an action against certain persons to enjoin the continuation of certain practices. This section provides:

Whenever it shall appear to the Commissioner either upon complaint or otherwise, that any person has engaged or is about to engage in fraud or a fraudulent practice in connection with the sale of a security, has engaged or is about to engage in fraud or a fraudulent practice in the rendering of services as an investment adviser or investment adviser representative, has made an offer containing a statement that is materially misleading or is otherwise likely to deceive the public, or is engaging or is about to engage in an act or practice that violates this Act or a Board rule or order, the Attorney General may, on request by the Commissioner, and in addition to any other remedies, bring action in the name and on behalf of the State of Texas against such person or company and any person who, with intent to deceive or defraud or with reckless disregard for the truth or the law, has materially aided, is materially aiding, or is about to materially aid such person and any other person or persons heretofore concerned in or in any way participating in or about to participate in such acts or practices, to enjoin such person or company and such other person or persons from continuing such acts or practices or doing any act or acts in

furtherance thereof. The Commissioner shall verify, on information and belief, the facts contained in an application for injunction under this section. In any such court proceedings, the Attorney General may apply for and on due showing be entitled to have issued the court's subpoena requiring the forthwith appearance of any defendant and the defendant's employees or agents and the production of documents, books and records as may appear necessary for the hearing of such petition, to testify and give evidence concerning the acts or conduct or things complained of in such application for injunction. The District Court of any county, wherein it is shown that the acts complained of have been or are about to be committed, or a district court in Travis County shall have jurisdiction of any action brought under this section, and this provision shall be superior to any provision fixing the jurisdiction or venue with regard to suits for injunction. No bond for injunction shall be required of the Commissioner or Attorney General in any such proceeding.

60. Based upon the conduct alleged herein, and pursuant to Section 32.A of the Texas Securities Act, the State of Texas is praying for the issuance of a permanent injunction enjoining Defendants from acting as dealers, agents, or salesmen in securities without complying with all dealer and salesman registration requirements of the Texas Securities Act; from selling securities that have not been registered with the Securities Commissioner; and enjoining Defendants from engaging in fraud and fraudulent practices in connection with the sale of securities.
61. All injunctive relief sought in this case is available to the State of Texas as Plaintiff without bond pursuant to Section 32.A of the Texas Securities Act.

NEED FOR A RECEIVER

62. Paragraphs 29 through 54 above are incorporated by reference as if fully set forth herein.
63. The State also seeks the immediate appointment of a temporary receiver and upon hearing, the continuation of that appointment and upon further hearing, the appointment of a permanent receiver. Section 25-1 of the Texas Securities Act provides in part:

Whenever it shall appear to the Commissioner, either upon complaint or otherwise, that:

any person or company acting as a dealer, agent, investment adviser, investment adviser representative, or issuer (as defined in Section 4 of this Act), or an affiliate of a dealer, agent, investment

adviser, investment adviser representative, or issuer, whether or not required to be registered by the commissioner as in this Act provided, shall have engaged in any act, transaction, practice, or course of business declared by Section 32 of this Act to be a fraudulent practice;

such person or company shall have acted as a dealer, agent, investment adviser, investment adviser representative, or issuer or an affiliate of a dealer, agent, investment adviser, investment adviser representative, or issuer in connection with such fraudulent practice; and

the appointment of a receiver for such person or company, or the assets of such a person or company is necessary in order to conserve and protect the assets of such person or company for the benefit of customers, security holders, and other actual and potential claimants of such person or company the commissioner may request the attorney general to bring an action for the appointment of a receiver for such person or company or the assets of such person or company.

As alleged above, all of these requirements have been met. Defendants have engaged in fraud in connection with the sale of securities and a receiver is necessary to insure that investor funds are accounted for, conserved and returned to investors. Pursuant to Texas Securities Act Section 25-1.C, such appointment may be made without notice.

64. Defendants have acted as dealers, salesmen, or issuers in the sale of securities and engaged in acts, transactions, practices, and courses of business declared by Section 32.A to be fraudulent practices in the offer for sale and sale of securities as described above.
65. The appointment of a receiver for Defendants and the business operations is necessary in order to conserve and protect whatever investor-derived assets remain for the benefit of Defendants' customers, security holders, and other actual or potential claimants of Defendants.
66. A receiver is needed for the funds and assets of Defendants, including any investment product they obtained through proceeds of investor-derived money, in order to conserve and protect said funds and assets for the benefit of the investors should restitution be granted in this case under Section 32.B of the Texas Securities Act.
67. Unless the receivership relief is granted and a temporary receiver appointed for the assets and affairs of Defendants, the funds and other property held by Defendants will be dissipated and lost, to the immediate and irreparable harm of

the persons who purchased the securities from Defendants and to the harm of the general public. There is no adequate remedy at law.

68. For the aforementioned reasons, an order, before notice and hearing, appointing a temporary receiver for the assets affairs of Defendants should be issued. After notice and hearing, it is necessary to extend the order for temporary receivership for the affairs of Defendants, and after final hearing it is necessary to appoint a permanent receiver for the affairs of Defendants. No adequate remedy is available at law.
69. All receivership relief sought in this case is available to the State of Texas as Plaintiff without bond under Section 25-1 of the Texas Securities Act and Section 6.001 of the Texas Civil Practice and Remedies Code.
70. **Gregory S. Milligan has agreed to serve as Receiver** in this case if appointed by the Court. Mr. Milligan is a principal in the Austin office of Harney Management Partners, LLC. Mr. Milligan has substantial experience serving in fiduciary roles for the benefit of third party beneficiaries and creditors, including multiple current and prior appointments as both a State Court Receiver and a Chapter 11 Bankruptcy Trustee..

EQUITABLE RELIEF AND RESTITUTION FOR VICTIMS OF FRAUDULENT PRACTICES

71. Paragraphs 29 through 54 above are incorporated by reference as if fully set forth herein.
72. Section 32.B of the Texas Securities Act authorizes the Attorney General to seek equitable relief, including restitution, for defrauded investors. Section 32.B provides as follows:

The Attorney General may, in an action under Subsection A of this section or in a separate action in District Court, seek equitable relief, including restitution for a victim of fraudulent practices. The court may grant any equitable relief that the court considers appropriate and may order the defendant to deliver to the person defrauded the amount of money or the property that the defendant obtained from the person by the fraudulent practices.

DISGORGEMENT OF ECONOMIC BENEFITS GAINED THROUGH VIOLATIONS OF THE TEXAS SECURITIES ACT

73. Paragraphs 29 through 54 above are incorporated by reference as if fully set forth herein.

74. Section 32.C of the Texas Securities Act authorizes the Attorney General to seek disgorgement of economic benefits gained by Defendants. Section 32.C provides as follows:

In an action brought under this section for fraud or a fraudulent practice in connection with the sale of a security, the Attorney General may seek, for an aggrieved person, the disgorgement of any economic benefit gained by the defendant through the violation, including a bonus, fee, commission, option, proceeds, profit from or loss avoided through the sale of the security, or any other tangible benefit. The Attorney General may recover from an order of disgorgement obtained under this subsection reasonable costs and expenses incurred by the Attorney General in bringing the action.

75. Based upon the conduct alleged herein, and pursuant to Section 32.C of the Texas Securities Act, the State of Texas is seeking an order that the Defendants and Defendant's agents disgorge economic benefits.

OTHER RELIEF

76. Paragraphs 29 through 54 above are incorporated by reference as if fully set forth herein.
77. Further, the State seeks the imposition of a constructive trust and equitable lien with respect to assets of any kind obtained through the fraudulent scheme, including, but not limited to, all debts owing to Defendants in connection with any loans made to third parties pursuant to the scheme and assets fraudulently transferred to third parties, and any proceeds therefrom.
78. Pursuant to Section 402.006 of the Texas Government Code, the State of Texas seeks payment of reasonable and necessary attorney's fees and costs incurred in the prosecution of this case.
79. Pursuant to Section 32.C of the Texas Securities Act, the State of Texas seeks recovery of reasonable costs and expenses incurred by the Attorney General in bringing the action for disgorgement.
80. Pursuant to Section 32.A of the Texas Securities Act, the Attorney General may ask the Court to issue a subpoena requiring the appearance of any defendant and his employees or agents, or the production of documents, books and records.

CONCLUSION AND PRAYER

WHEREFORE, PREMISES CONSIDERED, the State prays that:

81. The Court grant a temporary restraining order, rendered before notice and hearing and without bond by the Attorney General and Securities Commissioner, until determination of The State of Texas' Motion for Temporary Injunction, or other order of the Court, **enjoining Defendants Warr Investment Group, LLC, Warr International Group, LLC, James Elton "Jim" Warr, and Mark Cuba,** and their officers, directors, principals, partners, joint venturers, successors, shareholders, managers, employees, salesmen, agents, representatives, attorneys, family members, **and others acting in concert with Defendants** who receive actual notice of the Court's Order by personal service, facsimile transmission, or otherwise, from engaging in the following acts:
- A. **Dissipation of Assets.** Disposing of, transferring, selling, assigning, negotiating, expending, encumbering, partitioning, canceling, concealing, secreting, disguising, pledging, or removing from the jurisdiction of this Court, any money, assets, notes, equipment, fixtures, receivables, expectancies, funds or other property or objects of value, whether real, personal, or mixed and whether tangible or intangible, wherever situated, belonging to, owned by, in the possession of, acquired by, or claimed in any respect, directly or contingently, by Defendants, affiliated companies, and their officers, directors, principals, partners, joint venturers, successors, shareholders, employees, salesmen, agents, representatives, attorneys, family members, and others acting in concert with or in behalf of Defendants, or insofar as such property relates to, arises out of, or is derived from the sale of securities in connection with the business or operation of Defendants;
 - B. **Destruction or removal of books and records.** Disposing of, transferring, selling, assigning, canceling, concealing, altering, destroying, secreting, disguising, or pledging of the books, records, ledgers, journals, invoices, contracts, notes, leases, investors lists, investor files, investor subscription agreements, tax forms or advice, receipts, computer files, electronic information of any kind, materials, or any other documents or tangible items relating in any way to Defendants or their affiliated companies and businesses, or relating in any manner whatsoever to the services or contracts relating to securities offered and sold by Defendants which are now or which may come within or under the possession, custody, or control of Defendants, their affiliated companies, agents, servants, officers, directors, principals, partners, joint venturers, successors, shareholders, employees, salesmen, agents, representatives, attorneys, family members, or any other person or entity acting in concert with or on behalf of Defendants;
 - C. **Selling securities.** Promoting, issuing, selling, offering for sale, negotiating for sale, advertising, soliciting, dealing in or distributing any securities, including investment contracts, in any way and by any manner

or means, either directly or indirectly through agents, servants, officers, directors, shareholders, employees, representatives, or any other entity acting for them or on their behalf without complying with the securities registration requirements found in the Texas Securities Act;

- D. **Acting as an agent, dealer or salesman.** Promoting, issuing, selling, offering for sale, negotiating for sale, advertising, soliciting, holding seminars, dealing in or distributing any securities, including investment contracts, to investors in any way and by any manner or means, either directly or indirectly through agents, servants, officers, directors, shareholders, employees, representatives, or any other entity acting for them or in their behalf, without complying with all dealer and salesman registration requirements of the Texas Securities Act;
 - E. **Engaging in fraud.** Engaging in any fraud or fraudulent practice in violation of the Texas Securities Act or other laws of Texas, including any misrepresentation of fact or omission of material facts;
 - F. **Interfering with investigation.** Obstructing, hampering, seeking to delay, or interfering in any manner with any investigation of Defendants' fraudulent operations conducted pursuant to the lawful authority of the Texas State Securities Board, the Office of the Attorney General, the Receiver, or any other law enforcement or governmental authority;
 - G. **Communicating with Investors, Customers, and related Business Entities.** Contacting, via telephone, electronic mail or other written correspondence, or otherwise communicating, in any way, directly or indirectly, themselves or through their agents or representatives, with investors or customers of Defendants or related business entities, including but not limited to the Trustee for Relief Defendants Trusts or managers, owners, or controllers of Relief Defendant Texas Note Company without prior written approval from the Receiver requested herein;
 - H. **Interfering with operation of trusts.** Interfering in any manner with or taking any action as trustee over any trust related in any way to Defendants or related in any way to any securities issued, offered or sold by Defendants, without the express written consent of the Receiver; and
 - I. **Interfering with the Receiver or the Receivership Estate.** Interfering with, obstructing, or hampering the Receiver appointed under this Order, including accessing or using any web site, telephone, voice mail, or electronic mail account owned or used by Defendants.
82. **Order any Relief Defendants, entities, or financial institutions** holding money, property, assets, or records of Defendants' investment scheme, to receive, by fax or personal service, notice of the signing of the temporary

restraining order and receivership, and immediately take all necessary steps to prevent Defendants from exercising any control over any money, to the extent such banks, entities and institutions are in possession or control of funds deposited or claimed by Defendants, any certificates of deposit showing Defendants as owner, claimant, or trustee, any real estate notes, interests in hard money loans, or any other interests derived from real property purchased for, by, on behalf of, or held in trust by Defendants or associated entities, or any other asset or thing of value, including insurance policies owned, purchased, or otherwise acquired by Defendants.

83. Grant a temporary injunction before notice and hearing, **enjoining Relief Defendants 1501 and 1505 Main Street, Orange, Texas 77630 Trust, 1205 Link Avenue, Orange, Texas 77630 Trust, 4218 5TH Street, Abilene, Texas 79605 Trust, 1006 E. Timberview Lane, Arlington, Texas 76014 Trust, 980 Vivian Street, Bridge City, Texas 77611 Trust, 592 N. Lydia Street, Stephenville, Texas 76401 Trust, 3725 Yellowstone Street, Irving, Texas 75235 Trust, 608 W. 8TH Street, Dallas, Texas 75208 Trust, 4854 Loma Loop, Sierra Vista, Arizona 85635 Trust, and 16 Jay Circle, Cabot, Arkansas 72023 Trust** from transferring, dissipating, harming, or performing any action relating to the corpus of the trust or its beneficiaries without the express written consent of the Receiver or an order of the Court.
84. Grant a temporary injunction before notice and hearing **enjoining any manner of third-party note-servicing operation, including but not limited to Relief Defendant Texas Note Company, LLC**, from transferring, dissipating, harming, or performing any action relating to the notes purchased by Warr Investment, the Relief Defendant Trusts, or their beneficiaries without the express written consent of the Receiver or an order of the Court.
85. Issue an order, before notice and hearing, **appointing Gregory S. Milligan, as Temporary Receiver of Defendants Warr Investment and Warr International** to take charge of the assets, monies, securities, claims in action, and properties, real and personal, tangible and intangible, of whatever kind and description, wherever situated (within or without the State of Texas) of Warr Investment Group, LLC, and Warr International Group, LLC., Texas Limited Liability Companies, and for assets, monies, securities, claims in action, and properties, real and personal, tangible and intangible, of whatever kind and description, wherever situated, of James Elton "Jim" Warr, or Mark Cuba as appears to the Receiver to contain or be derived from proceeds of Defendants' sale of securities or used in furtherance thereof (collectively, the "Receivership Assets"), and to conduct the business affairs of Defendants with the following powers:
 - A. To take possession of and control, to the extent another law enforcement entity has not done so by court order, over all property, records, and assets of whatever nature and wherever located (within and without the State of Texas) as appears to the Receiver, in his sole discretion, to be derived from Defendants' fraudulent operations or used in furtherance

thereof, whether directly or indirectly; belonging to, claimed by, or controlled by Defendants, including, but not limited to monies deposited by or on behalf of Defendants, in any capacity, including "trustee," with any bank, savings and loan, credit union, securities dealer, clearing agent, or other depository; and interest in real estate owned or controlled by Defendants in any capacity; any stock owned by Defendants and the voting and other rights attaching thereto; any accounts receivable owed to Defendants, and any interest or other return earned upon any of the foregoing, specifically including BUT NOT LIMITED TO the following accounts maintained at Chase Bank USA, N.A., and IronStone Bank:

<u>JP Morgan Chase</u> <u>Acct No.</u>	<u>Name on Account</u>	<u>Signatories</u>
861144350	Texas Financial Solutions / Warr Operating Account	James E Warr & Jessica S Zeifman
870811643	Warr Investment Group LLC	James E Warr & Erick M Frank
917072548	Warr Investment Group LLC	James E Warr & Erick M Frank
861145126	James E War DBA Elton James Trust Company	James E Warr & Julie M Murray
889340410	James E War DBA PCFN Trust	James E Warr & Julie M Murray
839720935	James E Warr	James E Warr & Vickie Warr
917072712	Warr Investment Group LLC	James E Warr & Erick M Frank
917072720	Warr Investment Group LLC	James E Warr & Erick M Frank
2930390626	TFSBJW LLC DBA Texas Financial Solutions	James E Warr & Jessica S Zeifman
2919745709	James E Warr DBA IBIZ Capital Group Escrow	James E Warr
834449522	James E Warr DBA IBIZ Capital Group Escrow	James E Warr & Julie M Murray
889340287	Elton James LLC	Julie M Murray
<u>IronStone Bank</u> <u>Acct No.</u>	<u>Name on Account</u>	<u>Signatories</u>
9160109225	Warr Investment Group LLC	James E Warr; Erick M Frank; Jessica S Thompson
9160096655	Elton James LLC	Julie M Murray
9160108951	Warr Investment Group LLC Escrow Account	James E Warr; Erick M Frank; Jessica S Thompson
9160109209	Warr International Group LLC Escrow Account	James E Warr; Erick M Frank; Mandy Hanks
9160109217	Warr International Group LLC	James E Warr; Erick M Frank; Mandy Hanks

- B. To take possession and control of all income payable to Defendants from sources generated by or consisting in any regard of an account or asset purchased with derived funds;
- C. To take possession and control of all income payable to Defendants from sources other than those generated by or consisting in any regard of an account or asset purchased with derived funds, until Defendants demonstrate to the satisfaction of the receiver and the Texas State

Securities Board that such income is in no way derived from or connected with investor funds;

- D. To take possession of all financial records and other business records of Defendants, including all computers and data storage devices to the extent these are not in the control of another law enforcement entity and, to the extent such records are in the control of another law enforcement agency, to work cooperatively with such agency;
- E. To enter, occupy, and control the business premises of Defendants Warr Investment and Warr International at the above business addresses to the extent necessary to accomplish the purposes of this order;
- F. To take charge of, conduct, and manage all business and financial affairs of and on behalf of Defendants Warr Investment and Warr International including, specifically, the power to act as Trustee of any trust over which Defendants have control;
- G. To receive, collect, and open all mail directed to or delivered to any address or post office box used by Defendants and to direct the post office and commercial delivery services to forward all such mail and deliveries to the Receiver's office;
- H. To sign checks, or other instruments withdrawing, depositing, or transferring funds, or exercising any right over any account with respect to any depository account of Defendants;
- I. To close and open accounts and transfer money from one bank, brokerage firm, or other financial institution to another, or one account to another, as necessary in the Receiver's sole discretion, and under terms the Receiver considers appropriate;
- J. To negotiate, transfer, or redeem any deed, certificate, contract, lease, mortgage, instrument, or security held by or in the name of Defendants in any capacity, including "trustee;"
- K. To hire, dismiss, direct, and control employees, agents, landlords, tenants, and independent contractors of Defendants in any of Defendants' capacities;
- L. To identify, recover, and take control over all assets and property acquired or believed to be acquired with funds derived from or obtained through Defendants, including the power to transfer or acquire any rights in real property to the extent necessary to protect and recover investor funds, and the power to sign, negotiate, transfer, sell, pledge, or otherwise dispose of any deed or evidence of an interest of Defendants in real property;

- M. To dispose of any interest in real and personal property in which Defendants have any record or beneficial interest, for the benefit of the investor-victims;
 - N. To file any lawsuits the Receiver deems necessary to carry out his duties herein;
 - O. To file, prosecute or defend any suit heretofore or hereinafter filed by or against Defendants which may be deemed to be necessary by the Receiver and by the Texas State Securities Board in order to properly protect all interested parties or any property affected thereby, subject to further order by this Court;
 - P. To retain professional service providers as deemed reasonable and necessary by the receiver for the execution of the receiver's duties;
 - Q. To enter into contracts as necessary for the orderly administration of the receivership estate and to pay reasonable and necessary expenses incurred in connection with the foregoing duties out of the funds of the Receivership Estate
 - R. To advance his own funds, if necessary in his sole discretion, to pay any expense incurred in carrying out his responsibilities under the Court's orders and to reimburse himself immediately for any funds advanced;
 - S. To delegate to agents the authority to exercise any of the powers conferred on the Receiver by the Court's orders;
 - T. To file an accounting and a final report when he has concluded his duties under the Court's orders; and
 - U. To exercise all equitable powers under the statutes and common law of this State authorizing the appointment of a receiver.
86. Issue an order, after notice and hearing, extending the appointment of the temporary receiver to take charge of all property and assets held and claimed by Defendants with the powers outlined above;
 87. Issue an order that all property and assets held and claimed by Defendants in any capacity be placed in custodia legis as of the date of the appointment of the temporary receiver and the issuance of the temporary injunction herein;
 88. Upon final hearing hereof, make permanent the order directing the receiver to take possession of the affairs of Defendants and direct the Receiver to liquidate the affairs of Defendants as the facts and circumstances may require;

89. Issue an order that all persons be enjoined and restrained by the temporary injunction from interfering with these proceedings, and from commencing or prosecuting any action or appeal or obtaining any preference, judgment, attachment, garnishment, or other lien, or making any levy against the Receiver, or against any receivership assets or any part thereof, and from asserting any claims against them, except in these proceedings.
90. Issue an order that no party other than the Receiver appointed herein shall take any action as "Trustee" over any Defendants Warr Investment and Warr International related Trust without the Receiver's written express consent.
91. Issue an order that neither Defendants nor any parties acting under their direction or control shall use any electronic or telephonic tools or devices to alter, inquire about, or transfer any money in any account over which they have any power, authority, interest or control.
92. Issue an order that no bond be required by the State of Texas.
93. Upon final hearing hereof, issue a permanent injunction, enjoining Defendants from acting as a dealer, agent, or salesman in securities without complying with all dealer and salesman registration requirements of the Texas Securities Act; from selling securities that have not been registered with the Securities Commissioner and enjoining Defendants from engaging in fraud and fraudulent practices in connection with the sale of securities in violation of the Texas Securities Act or from engaging in any fraud or fraudulent practice in violation of the laws of Texas, including any misrepresentation of fact or omission of material facts.
94. Upon final hearing hereof, pursuant to Section 32.B of the Texas Securities Act, order that restitution be made to defrauded investors, identifiable at the final hearing, or, alternatively, to the Receiver for the benefit of investors defrauded by the parties to the receivership proceedings.
95. Upon final hearing hereof, order that the defendants disgorge any economic benefit gained through the fraud and fraudulent practices alleged herein pursuant to Section 32.C of the Texas Securities Act.
96. Upon final hearing hereof, order that the Attorney General recover all reasonable costs and expenses incurred in bringing this action pursuant to Section 32.C of the Texas Securities Act.
97. Upon final hearing hereof, order that the State of Texas recover all investigative costs and all costs of this litigation and be awarded attorney's fees under Section 402.006, TEX. GOVT. CODE.
98. Order Defendants to pay both pre-judgment and post-judgment interest on all awards of restitution, damages and civil penalties, as provided by law.

99. Grant such other and further relief, equitable and legal, to which the State of Texas may be justly entitled.

Respectfully submitted,

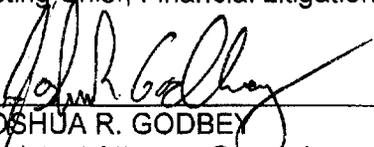
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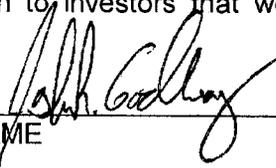


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CERTIFICATE REGARDING NOTICE TO DEFENDANTS

Pursuant to Local Rule 7.3(b), I, Joshua Godbey, do hereby certify that to best of my knowledge, the parties against whom relief is sought are no longer represented by counsel in the matter made the subject of this suit in which *ex parte* relief is sought.

However, the State believes that if Defendants or their previous counsel had notice of this action, Defendants would dispose of, transfer, alter, pledge, or conceal money, property, assets, books and records obtained from investors and transfer money to accounts beyond the reach of Texas courts, and that an *ex parte* order is thus necessary to prevent the irreparable harm to investors that would result from such conduct.



NAME

VERIFICATION

STATE OF TEXAS

COUNTY OF TRAVIS

BEFORE ME, the undersigned authority, on this day personally appeared Denise Voigt Crawford, Securities Commissioner of the State of Texas, who, being by me first duly sworn, deposed and said that she has read the allegations in the foregoing petition, and upon information and belief, each and every fact and matter stated in paragraphs 23 through 54 therein is believed to be true and correct.

Denise Voigt Crawford
Securities Commissioner
State of Texas

SUBSCRIBED AND SWORN to before me, this the 6th day of January, 2011.

Sonia P Fergerson
Notary Public in and for
The State of TEXAS

