

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

**UNITED STATES SECURITIES AND
EXCHANGE COMMISSION**

Plaintiff,

v.

**DARREL T. USELTON and JACK E.
USELTON,**

Defendants.

§
§
§
§
§
§
§
§

Civil Case No. 07-02211

**DARREL T. USELTON’S ORIGINAL ANSWER TO THE COMPLAINT OF THE
UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Darrel T. Uselton files this Original Answer and Affirmative Defenses to the Complaint of the United States Securities and Exchange Commission.

Answer

Darrel T. Uselton (“Uselton”) responds specifically to the Complaint of United States Securities and Exchange Commission by correspondingly numbered paragraphs as follows:

1. Uselton denies the allegations of Paragraph 1.
2. Uselton denies that he made \$4.6 million by selling stock during the period of May 2005 through December 2006. Uselton lacks sufficient information to admit or deny the remainder of Paragraph 2.
3. Uselton denies that he received any shares of penny stocks from companies. Uselton admits that companies that he owns or controls did receive shares of penny stocks from certain companies. Uselton admits that these shares were deposited in certain brokerage accounts. Uselton denies the remaining allegations of Paragraph 3.
4. Uselton denies the allegations of Paragraph 4.
5. Uselton denies the allegations of Paragraph 5.

6. Uselton denies that he participated in any illegal conduct. Uselton neither admits or denies the remaining allegations in Paragraph 6 as they state a legal conclusion to which no response is required.

7. Uselton admits that he is 40 years old and lives in Katy, Texas. Uselton denies that he is a “securities law recidivist” or a “stock promoter”. Uselton admits that he has, at certain times in the past, been fined by the NASD. Uselton, however, denies the validity of the facts underlying those fines, and states that said fines were wholly unrelated to the sales of any securities.

8. Uselton admits the allegations of Paragraph 8.

9. Uselton lacks sufficient information to admit or deny the allegations in Paragraph 9.

10. Uselton denies the allegations of Paragraph 10.

11. Uselton admits the allegations of Paragraph 11.

12. Uselton admits that companies he controlled did obtain shares of stock from certain companies for financing and consulting activities. Uselton admits that one version of a financing and consulting agreement of a company he controlled contained the quoted statements contained in Paragraph 12. Uselton denies the characterization of this agreement as a “promotional” agreement and denies the remaining allegations of Paragraph 12.

13. Uselton admits that companies he controlled owned several brokerage accounts with multiple firms. Uselton lacks sufficient information to confirm or deny the remaining allegations in Paragraph 13.

14. Uselton denies the allegations of Paragraph 14.

15. Uselton denies the allegations of Paragraph 15.

16. Uselton denies the allegations of Paragraph 16.
17. Uselton denies the allegations of Paragraph 17.
18. Uselton denies the allegations of Paragraph 18.
19. Uselton admits that companies he controlled sold shares of penny stock in the open market. Uselton denies the remaining allegations of Paragraph 19.
20. Uselton denies the allegations in Paragraph 20.
21. Uselton denies the allegations in Paragraph 21.
22. Uselton lacks sufficient information to admit or deny the allegations in Paragraph 22 as the allegations lack sufficient context to allow Uselton to prepare a response. Uselton, however categorically denies participation in any illegal activity as alleged in the Complaint.
23. Uselton admits that Jack Uselton is his partner. Uselton denies the remaining allegations in Paragraph 23.
24. Uselton lacks sufficient information to admit or deny the allegations in Paragraph 24.
25. Uselton admits the first sentence of Paragraph 25. Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 25.
26. Uselton admits that Oretch, Inc. engaged a company Uselton controlled to sell its stock. Uselton admits that companies he controls received 1.25 million shares of Oretch stock, which was moved into certain brokerage accounts. Uselton denies the remaining allegations of Paragraph 26.
27. Uselton denies the allegations in Paragraph 27.

28. Uselton denies sending or authorizing the transmission of any spam emails relating to Orectech. Uselton lacks sufficient information to admit or deny the remaining allegations in Paragraph 28.

29. Uselton lacks sufficient information to admit or deny the allegations in the first sentence of Paragraph 29. Uselton denies the allegations contained in the second sentence. Uselton admits the remaining allegations of Paragraph 29 but states that all mass mailers had proper disclosures as required by law.

30. Uselton admits that companies under his control sold shares of Orectech stock on the open market for a profit. Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 30.

31. Uselton lacks sufficient information to admit or deny the allegations of Paragraph 31.

32. Uselton denies the allegations of Paragraph 32.

33. Uselton admits sending the email quoted in Paragraph 33. Uselton however denies the context and characterization of the email contained in the Paragraph and denies the remaining allegations in Paragraph 33.

34. Uselton admits the allegations of Paragraph 34.

35. Uselton admits that companies he controls accumulated shares of Intelligent Sports in 2005. Uselton lacks sufficient information to admit or deny the allegations in Paragraph 35.

36. Uselton denies the allegations in Paragraph 36.

37. Uselton lacks sufficient information to admit or deny the allegations of Paragraph 37.

38. Uselton denies that he or companies under his control paid any person for the transmission of spam emails. Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 38.

39. Uselton admits that companies under his control sold shares of Intelligent Sports in the open market at a profit but lacks sufficient information to specify the time of said sales or amount of said profit. Uselton denies that he or companies under his control transmitted or caused to be transmitted any spam emails regarding Intelligent Sports. Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 39.

40. Uselton admits the allegations of Paragraph 40.

41. Uselton denies the allegations of Paragraph 41.

42. Uselton denies that he or companies under his control transmitted or caused to be transmitted any spam emails regarding Advanced Powerline stock. Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 42.

43. Uselton lacks sufficient information to admit or deny the allegations of Paragraph 43.

44. Uselton lacks sufficient information to admit or deny the first sentence of Paragraph 44. Uselton denies that he or companies under his control paid any party for transmitting spam emails. Uselton admits that companies under his control sold share of Advanced Powerline in the open market at a profit but lacks sufficient information to specify the time of said sales or amount of said profit. Uselton denies the remaining allegations of Paragraph 44.

45. Uselton denies the allegations contained in Paragraph 45.

46. Uselton admits that companies under his control sold share of Advanced Powerline in the open market at a profit but lacks sufficient information to specify the time of said sales or amount of said profit.

47. Uselton admits the allegations contained in Paragraph 47.

48. Uselton admits the allegations contained in Paragraph 48.

49. Uselton lacks sufficient information to admit or deny the allegations of Paragraph 49.

50. Uselton denies the allegations contained in Paragraph 50.

51. Uselton lacks sufficient information to admit or deny the first sentence of Paragraph 51. Uselton denies the remaining allegations of Paragraph 51.

52. Uselton admits that companies under his control sold share of Notch Novelty Corp. in the open market at a profit but lacks sufficient information to specify the time of said sales or amount of said profit. Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 52.

53. Uselton lacks sufficient information to admit or deny the allegations contained in the first sentence of Paragraph 53. Uselton admits sending the email quoted in Paragraph 53 but denies that said email relates to complaints from Notch Novelty's President or any attempts by Notch Novelty to sever its business relationship with Uselton's company.

54. Uselton admits the allegations of Paragraph 54.

55. Uselton admits that companies under his control obtained shares of Avondale Resources Corporation ("Avondale"). Uselton lacks sufficient information to confirm or deny the remaining allegations of Paragraph 55.

56. Uselton lacks sufficient information to admit or deny the allegations contained in Paragraph 56.

57. Uselton denies the allegations of Paragraph 57.

58. Uselton denies the allegations of Paragraph 58.

59. Uselton admits that companies that he controlled sold shares of Avondale in the open market at a profit but lacks sufficient information to specify the time of said sales or amount of said profit. Avondale lacks sufficient information to admit or deny the remaining allegations of Paragraph 59.

60. Uselton admits the allegations of Paragraph 60.

61. Uselton admits that companies he controlled obtained shares of Spooz, Inc. (“Spooz”). Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 61.

62. Uselton denies the allegations of Paragraph 62.

63. Uselton denies the allegations of paragraph 63.

64. Uselton admits that companies that he controlled sold shares of Spooz in the open market at a profit but lacks sufficient information to specify the time of said sales or amount of said profit. Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 64.

65. Uselton lacks sufficient information to admit or deny the allegations of Paragraph 65.

66. Uselton admits the allegations of Paragraph 66.

67. Uselton admits that companies under his control obtained shares of ESPRE Solutions, Inc. (“ESPRE”). Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 67.

68. Uselton denies the allegations of Paragraph 68.

69. Uselton admits that companies that he controlled sold shares of ESPRE in the open market at a profit but lacks sufficient information to specify the time of said sales or amount of said profit. Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 69.

70. Uselton lacks sufficient information to admit or deny the allegations of Paragraph 70.

71. Uselton admits the allegations of Paragraph 71.

72. Uselton admits that companies under his control obtained shares of Grifco International, Inc. (“GFCI”). Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 72.

73. Uselton denies the allegations of Paragraph 73.

74. Uselton admits that companies that he controlled sold shares of GFCI in the open market at a profit but lacks sufficient information to specify the time of said sales or amount of said profit. Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 74.

75. Uselton lacks sufficient information to admit or deny the allegations of Paragraph 75.

76. Uselton admits the allegations of Paragraph 76.

77. Uselton admits that companies under his control obtained shares of Leatt Corporation (“LEAT”). Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 77.

78. Uselton denies the allegations of Paragraph 78.

79. Uselton admits that companies that he controlled sold shares of LEAT in the open market at a profit but lacks sufficient information to specify the time of said sales or amount of said profit. Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 79.

80. Uselton admits the allegations of Paragraph 80.

81. Uselton lacks sufficient information to admit or deny the allegations of Paragraph 81.

82. Uselton denies the allegations of Paragraph 82.

83. Uselton admits that companies that he controlled sold shares of Adrenaline Nation Entertainment, Inc. in the open market at a profit but lacks sufficient information to specify the time of said sales or amount of said profit. Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 83.

84. Uselton admits the allegations of Paragraph 84.

85. Uselton admits that companies under his control obtained shares of Equipment and Systems Engineering, Inc. (“Equipment Systems”). Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 85.

86. Uselton denies the allegations of Paragraph 86.

87. Uselton admits that companies that he controlled sold shares of Equipment Systems in the open market at a profit but lacks sufficient information to specify the time of said

88. Uselton admits that the Valores Fund fund purchased shares of Equipment Systems but lacks sufficient information to admit or deny the specifics of said purchase as alleged in the Complaint. Uselton denies the remaining allegations of Paragraph 88.

89. Uselton lacks sufficient knowledge to admit or deny whether a spam email existed as described in Paragraph 89. Uselton denies any involvement in the making or delivery of any spam email.

90. Uselton admits that companies that he controlled sold shares of Equipment Systems in the open market at a profit but lacks sufficient information to specify the time of said sales or amount of said profit. Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 90.

91. Uselton lacks sufficient information to admit or deny the allegations in Paragraph 91.

92. Uselton admits the allegations of Paragraph 92.

93. Uselton admits that companies under his control obtained shares of Gulf Petroleum Exchange, Inc. (“GFPE”). Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 93.

94. Uselton denies the allegations of Paragraph 94.

95. Uselton admits that companies that he controlled sold shares of GFPE in the open market at a profit but lacks sufficient information to specify the time of said sales or amount of said profit. Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 95.

96. Uselton admits the allegations of Paragraph 96.

97. Uselton denies the allegations of Paragraph 97.

98. Uselton lacks sufficient information to admit or deny the allegations regarding in Paragraph 98 regarding the content of purported spam emails. Uselton denies any involvement with the preparation or delivery of said purported spam emails.

99. Uselton admits that companies that he controlled sold shares of Wentworth Energy, Inc. in the open market at a profit but lacks sufficient information to specify the time of said sales or amount of said profit. Uselton lacks sufficient information to admit or deny the remaining allegations of Paragraph 99.

100. Uselton incorporates his responses to the allegations contained in Paragraphs 1-99 of the SEC's Original Complaint with the same force and effect as if set forth herein.

101. Paragraph 101 contains nothing but legal conclusions to which no response is required. To the extent a response is required, however, Uselton denies the allegations contained therein.

102. Paragraph 102 contains nothing but legal conclusions to which no response is required. To the extent a response is required, however, Uselton denies the allegations contained therein.

Relief Requested

Based on the foregoing, Darrel Uselton respectfully requests that: (i) the Complaint be dismissed in its entirety with prejudice; (ii) Uselton be awarded costs of suit incurred herein including reasonable attorneys' fees and expenses; and (iii) Uselton be awarded such other and further relief as he is justly entitled.

DATED: September 18, 2007.

Respectfully submitted,

COGDELL LAW FIRM

By: /s/ M. Kevin Powers
Dan Cogdell
State Bar No. 04501500
M. Kevin Powers
State Bar No. 24041715
James M. Ardoin, III
State Bar No. 24045420
700 Louisiana, Suite 4600
Houston, Texas 77002
Tel: 713-222-1470
Fax: 713-222-1475

ATTORNEYS FOR DARREL USELTON

CERTIFICATE OF SERVICE

A true and correct copy of the foregoing was served on the party listed below either via electronic means as listed on the Court's ECF noticing system or via first class United States mail, postage prepaid on September 18, 2007.

Fred L. Block
Assistant Chief Litigation Counsel
U.S. Securities & Exchange Commission
100 F Street, N.E., Mail Stop #4030
Washington, DC 20549

/s/ M. Kevin Powers
M. Kevin Powers