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BEFORE THE ARIZONA CORPORATION COMMISSION

1  
2 **MARC SPITZER**  
3 **Chairman**  
4 **WILLIAM A. MUNDELL**  
5 **Commissioner**  
6 **JEFF HATCH-MILLER**  
7 **Commissioner**  
8 **MIKE GLEASON**  
9 **Commissioner**  
10 **KRISTIN K. MAYES**  
11 **Commissioner**

Arizona Corporation Commission  
**DOCKETED**

AUG 23 2004

DOCKETED BY	
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8 IN THE MATTER OF  
9 INTERSECURITIES, INC.  
10 570 Carillon Parkway  
11 St. Petersburg, FL 33716-1202  
12 CRD #16164

DOCKET NO. S-03482A-03-0000

**INTERSECURITIES, INC.'S  
WITNESS AND DOCUMENT  
EXCHANGE**

12 GREGORY RUSSELL BROWN and JANE  
13 DOE RUSSELL, husband and wife  
14 16417 South 15th Drive  
15 Phoenix, AZ 85045  
16 CRD #2233684

Respondents.

17 Respondent INTERSECURITIES, INC. ("ISI"), by and through its undersigned counsel  
18 hereby submits its witness list and document exchange.

WITNESS LIST

- 19  
20  
21 1. Gregory Brown;  
22 2. Robert Beatty;  
23 3. Ron Klimas;  
24 4. Herb Pontzer;  
25 5. Rod Tidwell;  
26 6. Scott Lenhart;  
27 7. Don Nance;

AZ CORP COMMISSION  
DOCUMENT CONTROL

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RECEIVED

- 1 8. John E. Pinto;
- 2 9. Thomas P. Forde;
- 3 10. Michael Unger;
- 4 11. John Palumbro;
- 5 12. Ron Zahn;
- 6 13. Wendy Coy;
- 7 14. Mary Acker;
- 8 15. Sylvester Acker;
- 9 16. Sam Attardo;
- 10 17. Evelyn Baker;
- 11 18. Clifford Ballus;
- 12 19. Mary Bard;
- 13 20. Alex Barrese;
- 14 21. James Bell;
- 15 22. Marian Bell;
- 16 23. David Brown;
- 17 24. Ruth Cinnamon;
- 18 25. Elene Cregut;
- 19 26. Janet Dean;
- 20 27. Mildred Dinon;
- 21 28. Mary Dobson;
- 22 29. Ruth Dorr;
- 23 30. Carole Doyle;
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- 1 31. Walter Eschiruth;
- 2 32. Ernest Fink;
- 3 33. Willard Foreman;
- 4 34. Luella Gamaigard;
- 5 35. Robert Gamaigard;
- 6 36. Delores Gordon;
- 7 37. Virgil Gladney;
- 8 38. Arlene Grant;
- 9 39. Don Hillsten;
- 10 40. Rex Hoffman;
- 11 41. Elissa Jennings;
- 12 42. Loretta Johnson;
- 13 43. Paul Kuhman;
- 14 44. Florence Kusek;
- 15 45. Ray Machnicki;
- 16 46. Jimmie Maramonte;
- 17 47. Elsie Mastergeorge;
- 18 48. Nina McCune;
- 19 49. Fern McMaster;
- 20 50. Lowell Mills;
- 21 51. Albert Olesberg;
- 22 52. Dorothy Olesberg;
- 23 53. Edward Pezutte;
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- 54. Michael Pohlen;
- 55. Violette Reed;
- 56. Donna Reichel;
- 57. Jerry Richardson;
- 58. Verlayne Richardson;
- 59. Doris Sachtjen;
- 60. Janice Saulmon;
- 61. Patsy Stewart;
- 62. Harry Thompson;
- 63. Barbara Traficanti;
- 64. Robert Traficanti;
- 65. Representatives from InterSecurities, Inc.;
- 66. Representatives from ETS Payphones, Inc.;
- 67. Representatives from Alpha Telcom, Inc.;
- 68. Representatives from Phoenix Telcom, Inc.;
- 69. Custodian of records for the Securities Division of the Arizona Corporation Commission (the "Division");
- 70. Various individuals who will provide testimony regarding Wendy Coy;
- 71. All witnesses listed by the Division; and
- 72. Rebuttal or cross-examination witnesses.

InterSecurities reserves the right to supplement this witness list based upon receipt of discovery from the Division or third-parties.

**EXHIBIT EXCHANGE**

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ISI will utilize as documentary evidence in this proceeding documents that have been previously produced to the Division at any time as well as those documents which will be produced by ISI for the exhibit exchange. ISI will also utilize those documents produced by the Division. ISI reserves the right to use such additional documents upon immediate notification and production to the Division, if such documents are found or created by ISI before the hearing. In addition, ISI will use documents received from subpoenas and third-parties which have been provided to the Division or are enclosed herewith. ISI reserves the right to use such additional documents as are furnished pursuant to any other third-party subpoena or such other sources that may subsequently be received.

ISI reserves the right to use documents not identified above in cross-examination or rebuttal. ISI also reserves the right to supplement this document exchange based upon receipt of documents or information from the Division or third-parties as well as documents which any of the parties have agreed to produce or have been ordered to produce, but have not yet done so.

In addition to documents included herein, and those documents produced during discovery by any party, ISI may also use any documents and exhibits identified by the Division in its witness list and exhibit exchange.

1 RESPECTFULLY SUBMITTED this 23<sup>rd</sup> day of August, 2004.

2 FOWLER WHITE BOGGS BANKER P.A.  
3 Burton W. Wiand  
4 501 East Kennedy Blvd., Suite 1700  
5 Tampa, Florida 33602

6 AND

7 BADE & BASKIN PLC

8 By   
9 Alan S. Baskin  
10 80 East Rio Salado Parkway, Suite 515  
11 Phoenix, Arizona 85004

12 Attorneys for Respondent  
13 InterSecurities, Inc.

14 ORIGINAL and thirteen copies of the foregoing  
15 hand-delivered this 23<sup>rd</sup> day of August, 2004 to:

16 Docket Control  
17 Arizona Corporation Commission  
18 1200 West Washington Street  
19 Phoenix, AZ 85007

20 COPY of the foregoing hand-delivered  
21 this 23<sup>rd</sup> day of August, 2004 to:

22 Matthew Neubert  
23 Director of Securities  
24 Securities Division  
25 Arizona Corporation Commission  
26 1300 W. Washington Street  
27 Phoenix, AZ 85007

Marc Stern  
Administrative Law Judge  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

1 COPY of the foregoing mailed  
2 this 23<sup>rd</sup> day of August, 2004 to:

3 Pamela Johnson  
4 Securities Division  
5 Arizona Corporation Commission  
6 1300 W. Washington, 3<sup>rd</sup> Floor  
7 Phoenix, AZ 85007

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9 interesecurities.acc/pld/lwe.doc

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## THOMAS P. FORDE

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### Position

#### Securities Regulatory Consultant

- Domestic broker/dealer assignments on behalf of PwC
- International securities assignments –India and Bosnia- assisting Government Securities Commissions
- Expert witness engagements
- Arbitration panelist

### Professional Experience

Former Director, Regulatory Compliance Consulting Group, PricewaterhouseCoopers LLP, Washington, D.C.

**PricewaterhouseCoopers LLP, Director, 1994 to May 31, 2000.** Mr. Forde provided consulting services on supervisory, compliance and investment control issues for broker-dealers, insurance companies, investment advisers, investment companies and banks. He focuses mainly on Securities and Exchange Commission (SEC) and National Association of Securities Dealers, Inc. (NASD) rules and regulations applicable to entities in the financial services industries. Mr. Forde has conducted inspections of broker-dealers' sales and operations practices to assess their overall compliance with Federal and Self-Regulatory Organizations securities regulations. He has developed a generic full service broker-dealer Control Objectives/ Responsibilities Matrix designed to focus on a client's adherence to rules and regulations relating to compliance and control issues and thereby reducing a client's risk of non-compliance. In addition, he has constructed a Matrix of Control Objectives/Responsibilities to address the segments of the capital markets securities business for a client, which included preparing a report containing objects relative to research, underwritings, syndicate trading and market making and fixed income products. Mr. Forde conducted an evaluation of a client's regulatory compliance efforts as a follow-up to a review by the Office of Thrift Supervision. He has developed written procedures to address research material offered to investors, as required by securities regulatory bodies. Mr. Forde assisted in evaluating the NASD's progress to comply with Undertakings issued by the SEC in a 21(a) Report and Offer of Settlement, which focused on the order handling rules applicable to the Nasdaq Stock Market. Mr. Forde has also conducted interviews with securities branch managers to respond to information required by a State Securities Commissioner and provided training concerning the application of securities regulations relevant to interpretive questions by the client's personnel.

**First Union Brokerage Services, Inc., Director of Compliance, November 1991 to February 1994.** Mr. Forde was responsible for the development and implementation of all supervisory functions and programs for the broker-dealers and 1,300 branch offices. He established written, supervisory procedures to address operations and sales practice compliance issues for services and products, including equity securities, municipal and governmental securities and mutual funds. Mr. Forde developed training material and conducted training sessions for twelve sales managers who were responsible for the supervision of 225 registered representatives and conducted compliance meetings periodically to emphasize current regulatory issues. Mr. Forde provided regulatory guidance to the parent company's marketing department to achieve

compliance with SEC and NASD advertising criteria, provided guidance and direction to the bank's senior management in order to implement a platform program for the sale of mutual funds through 1,300 branch offices, and guided supervisory personnel in the development of training material for 2,600 employees to staff branch offices. Mr. Forde also established a licensing department for the registration and regulatory reporting of all sales, supervisory and management personnel.

June 93 to February 94- Dominion Investment Banking, Inc.

January 92 to May 92- Internet Financial Services, Inc.

Mr. Forde was registered with these B/Ds by First Union to facilitate the acquisition process and provide administrative assistance during First Union's acquisition of the firms. He provided no services as an employee of the firms other than that required for facilitating the acquisitions.

**National Association of Securities Dealers, Inc., Supervisor, New York District Office, 1968 to 1971; Assistant Director, Boston District Office, 1971 to 1976; Director of Internal Review, Washington, D.C. Office, 1976 to 1979; District Director, Washington, D.C. District Office, 1979 - 1991.** Mr. Forde had a wide array of functions, including examination of broker-dealer activities relative to adherence with rules and regulations, which included assessing for compliance with operational, financial and sales practices functions and, when necessary, initiating informal and formal disciplinary actions. Mr. Forde managed all district functions, which included providing guidance and direction to district management and district attorneys and coordinating regulatory programs and enforcement efforts with national securities exchanges, the SEC and state securities commissioners. His responsibilities included inspection of all NASD district offices and the main office to review effectiveness of regulatory programs and adherence to corporate policies and practices. He participated in securities industry forums as a panelist and moderator, and hosted functions on behalf of the NASD with invited dignitaries from the states, Securities and Exchange Commission, New York Stock Exchange and Municipal Securities Rule Making Board.

**Equitable Life Insurance Society of America, Research Consultant, 1968.** Mr. Forde was responsible for actuarial accounting for billions of dollars of reserves and furnishing statistical information to other departments.

### **Education**

St. Johns University, 1965  
B.A. Mathematics

### **Affiliations**

NASD Security Industry Arbitration

*Biography Of*  
MICHAEL UNGER

Office:

Rubin and Rudman LLP  
50 Rowes Wharf  
Boston, MA 02110  
(617) 330-7075  
e-mail:munger@rubinrudman.com

Home:

174 Allen Avenue  
Newton, MA 02468  
(617) 969-7099

**BAR ADMISSIONS**

Commonwealth of Massachusetts, December, 1969  
United States Court of Appeals, First Circuit  
District of Columbia Court of Appeals  
United States District Court for Massachusetts  
United States District Court for District of Columbia  
High Court, Trust Territory of the Pacific Islands

**EDUCATIONAL BACKGROUND**

**LEGAL:** Georgetown University Law Center  
Washington, D.C.  
Awarded J.D. Degree, May, 1969

**UNDERGRADUATE:** University of Vermont  
Burlington, Vermont  
Awarded B.A. Degree, May, 1966

**EMPLOYMENT BACKGROUND**

June, 1996 to Present: Partner, Regulatory Department,  
Rubin and Rudman LLP. My securities law practice includes  
public and private offerings, arbitrations and litigation,  
broker-dealer, agent and investment advisor matters,  
together with general corporate practice.

May, 1986 to June, 1996: Partner, Corporate Department,  
Goldstein & Manello, P.C.

1992 to 2000: Adjunct Professor, Law Department, Bentley  
College, Waltham, Massachusetts. I taught "Securities  
Regulation" to full-time students.

June, 1979 to March, 1986: Director of Securities, Office of the Secretary of State, Commonwealth of Massachusetts. Director of agency responsible for administering the Massachusetts Uniform Securities Act and Corporate Take-Over Law. I was responsible for all policy development and program implementation including enforcement, securities registration, broker-dealer and agent conduct, corporate takeovers and coordination with various federal, state and law enforcement agencies.

July, 1978 to January, 1979: Acting Chief Counsel and Deputy Commissioner, Division of Insurance, Commonwealth of Massachusetts. Legal advisor to the Commissioner. Responsibilities for three departments with approximately 65 employees.

September, 1976 to July, 1978: Assistant Chief Counsel, Division of Insurance, Commonwealth of Massachusetts. Supervision of agency's legal staff.

September, 1974 to September, 1976: Rollins, Rollins & Fox, Brookline, Massachusetts. General practice.

May, 1972 to July, 1974: Micronesian Legal Services Corporation, Koror, Palau, Western Caroline Islands. Directing Attorney for O.E.O. funded legal services office.

September, 1969 to May, 1972: Boston Legal Assistance Project. Provided legal services to indigent client community. Extensive trial court and administrative hearing experience.

**ADDITIONAL ACTIVITIES:**

President, North American Securities Administrators Association (1983-1984); Vice President, NASAA (1982-1983); Director, NASAA (1980-1985)

Chairman, Securities Law Committee, Massachusetts Bar Association (1991-2000)

Member, Arbitration Committee, Boston Stock Exchange

Member, Board of Advisors, Boston University Metropolitan College, Program for Financial Planners

Member, State Liaison Committee, National Association of Securities Dealers, Inc. (NASD) (1992-1995)

Member, Business Law Section Council, Massachusetts Bar

Association (1991-1995)

Chairman, NASAA Regulation of Financial Planners Study Committee (1984-1985), Vice Chairman (1985-March, 1986)

Chairman, NASAA Commodities Committee (1982-1983)

Chairman, NASAA Special Committee to Revise Form BD (1981-1982)

Chairman, NASAA Central Registration Depository Committee (1982-1983, 1984-1985)

Member, NASAA Financial Institutions Committee (1982)

Member, NASAA/NAIC Insurance Products Study Committee (1980-1981)

Appointed by Commodity Futures Trading Commission to Advisory Committee on State Jurisdiction and Responsibilities (1982-1985)

Member, Consumer Education Advisory Committee of National Futures Association (1984-1985)

Member, Board of Governors Registration Committee of the NASD (1982-1985)

Member, Advisory Board to Bureau of National Affairs, Tax Management/Financial Planning Journal (1984-1992)

President, Massachusetts Chapter of Real Estate Securities Syndication Institute (1988-1990), Regional Vice-President, New England States (1988-1990)

**PUBLICATIONS:**

Matthew Bender & Co., Inc., Business Organizations: Blue Sky Regulation, by Sowards and Hirsh, Chapter 11, "Practicing Before a State Securities Administrator"; Commerce Clearing House, Inc., Financial and Estate Planning, "Regulation of Financial Planners: a View from the Bridge"; Commodities Futures Litigation and Regulation: New Directions, "The Role of State Regulation of Commodities", Law & Business, Inc./Harcourt Brace Jovanovich; Selected Problems in the Initial Public Offering for High-Tech Companies, Chapter 4: "Pragmatic Approaches to 'Blue Skying' Initial Public Offerings for High Tech-Companies", Practicing Law Institute; "State Regulation of Financial Planners", in Regulation of Financial Planners in the 1980's, Practicing Law Institute.

## JOHN E. PINTO

During his 30-year career as a regulator with the **National Association of Securities Dealers (NASD)**, Mr. Pinto rose from entry level examiner to become the top-level executive in charge of all NASD examination and enforcement functions. He currently heads the Washington, D.C. office of **BISYS Regulatory Services**) where he provides consulting and support to all segments of the financial services industry, including major broker-dealers across the country.

At the NASD he served for 10 years as executive vice president for regulation. In that role, Mr. Pinto was responsible for more than half of the approximately 1,800 NASD employees, and for establishing policies, practices and procedures for NASD examination, surveillance and enforcement activities. Specifically, his responsibilities included the operation and management of the 14 NASD District Offices, which conduct field examinations of the 5,500 NASD members, perform financial and operational surveillance, and initiate disciplinary actions as appropriate. Also under Mr. Pinto's direction was regulation of the NASDAQ Stock Market, OTC Bulletin Board, and other OTC markets under the *Market Surveillance Department*; the *Enforcement Department* for major fraud and manipulation cases; *Corporate Financing* for review of underwriting materials; *Advertising Regulation* for overseeing NASD member compliance with Association rules regarding advertising and sales literature; and the *Compliance Department* for support of district operations and establishing examination policies and procedures.

Mr. Pinto has received numerous awards and honors including in 1997 the **Securities Industry Association's Compliance and Legal Division** award for "Meritorious and Distinguished Services to the Securities Industry", and the **Federal Bureau of Investigation's** award for "Exceptional Service in the Public Interest". In 1996, he received the Outstanding Human Performance Intervention Award for performance and instructional technology from the **International Society for Performance Improvement**, and the **Microsoft** and **Computerworld**-sponsored Windows World Open award for using technology in new and original ways to enhance business.

Among his many accomplishments and contributions as a senior executive of the NASD, Mr. Pinto testified in Congress on behalf of the Association, having appeared before the Committee on Energy and Commerce, Subcommittee on Telecommunications and Finance of the House of Representatives regarding international securities enforcement, the municipal securities market, penny stock market fraud, short-selling activity in the stock markets and sales practice abuses including the presence of unscrupulous "rogue brokers" in the securities industry.

While with the NASD, Mr. Pinto was keynote speaker and featured panelist at all NASD and NASDR Spring and Fall compliance conferences. He was also a key speaker at annual conferences of the Securities Industry Association's Compliance and Legal Division, and at several National Regulatory Services Compliance Conferences. Other conference and seminar engagements include the Bank Securities Association, Consumer Bankers Association, Practicing Law Institute, Securities and Exchange Commission, Federal Reserve and the Office of the Comptroller of the Currency.

In addition to numerous publications within the NASD, he has written for external publications; notably, *The NASD's Enforcement Agenda* in the Northwestern University Law Review, Spring, 1991; *Trading and Market Making Surveillance Programme for the NASDAQ Stock Market* for the Journal of Financial Regulation and Compliance, Henry Stewart Publications, London, England, 1996; and a chapter on NASD regulatory and enforcement programs in *The NASDAQ Stock Market Handbook*.

Mr. Pinto has served as a member of the NASD's Market Regulation Committee, which has been delegated authority by the NASD Board of Governors to, among other things, advise it on matters involving the surveillance and enforcement of rules governing NASD members conduct in The Nasdaq Stock Market and other OTC markets.

Mr. Pinto graduated from Rutgers University cum laude with a bachelor of science degree.