

NEW APPLICATION
ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

APR 27 2005

DOCKETED BY

In the matter of:)	DOCKET NO. S-03479A-05-0000
CHRISTOPHER D. DEDMON, CRD#3015575,)	NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER TO CEASE AND DESIST ORDER, FOR RESTITUTION, FOR ADMINISTRATIVE PENALTIES, AND FOR OTHER AFFIRMATIVE ACTION
and KIMBERLY DEDMON, husband and wife,)	
8181 W. Gelding Lane)	
Peoria, AZ 85381)	
OMNI HORIZON GROUP, LLP)	
7019 N. 53 rd Ave.)	
Glendale, AZ 85301)	
Respondents.)	

NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that CHRISTOPHER D. DEDMON ("CHRIS DEDMON") and KIMBERLY DEDMON, husband and wife, and OMNI HORIZON GROUP, LLP ("OMNI") have engaged in acts, practices and transactions, which constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

I.

JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

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II.
RESPONDENTS

2. CHRIS DEDMON's and KIMBERLY DEDMON's last known address is 8181 W. Gelding Lane, Peoria, Arizona 85381.

3. At all relevant times, Respondents CHRIS DEDMON and KIMBERLY DEDMON were acting for their own benefit and for the benefit or in furtherance of the marital community.

4. In the alternative, KIMBERLY DEDMON was at all relevant times the spouse of CHRIS DEDMON. KIMBERLY DEDMON is joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the marital community.

5. OMNI is an Arizona limited liability partnership established on or around August 22, 2000, whose last known address was 7019 N. 53rd Ave., Glendale, Arizona, 85301. At all relevant times, KIMBERLY DEDMON was the general partner of OMNI.

6. CHRIS DEDMON and KIMBERLY DEDMON may be collectively referred to as "DEDMON." DEDMON and OMNI may be collectively referred to as "RESPONDENTS."

III.
FACTS

7. Clear Energy Systems, Inc. fka Clear Horizons Energy Systems, Inc. ("Clear Energy") is and was at all relevant times a privately held company, originally incorporated in the State of Nevada on June 5, 2001. On or around May 17, 2002, Clear Energy filed with the Arizona Corporation Commission as a foreign corporation, whose place of business was 2415 East Camelback Road, Suite #700, Phoenix, Arizona 85016. On or around October 9, 2002, Clear Energy filed a statement of change of known place of business to 14022 North 47th Street, Phoenix, Arizona 85032-5543.

8. On or around June 5 2001, RESPONDENTS received a stock certificate issued to OMNI for 5,500,000 shares of common stock of Clear Energy. The certificate stated that the shares were "transferable only on the books of the Corporation by the holder hereof in person or by duly

1 authorized Attorney upon surrender of this Certificate properly endorsed.” On or around January 1,
2 2002, RESPONDENTS received a second stock certificate for 500,000 shares of common stock of
3 Clear Energy, bearing the same restriction on transferability.

4 9. OMNI is the owner of record of two-thirds of the stock of Clear Energy.

5 10. From on or around December 12, 2001 through on or around March 6, 2005, CHRIS
6 DEDMON and KIMBERLY DEDMON have offered and/or sold securities in the form of evidences
7 of indebtedness for shares of Clear Energy stock to approximately 110 private investors, including
8 some unaccredited investors, within and from the state of Arizona.

9 11. CHRIS DEDMON and KIMBERLY DEDMON signed receipts stating that
10 RESPONDENTS agreed to transfer shares of Clear Energy stock to private investors in
11 approximately 130 transactions.

12 12. RESPONDENTS’ investors paid DEDMON a total of approximately \$644,700 for promises
13 to receive a total of approximately 2,358,000 shares of Clear Energy stock from OMNI’s holdings.

14 13. From on or around September 9, 2003 through November 17, 2004, RESPONDENTS have
15 issued approximately 65 stock certificates of Clear Energy to private investors, including some
16 unaccredited investors. The certificates purport to transfer a fractional interest of the shares of Clear
17 Energy stock issued to OMNI in its two original stock certificates.

18 14. Many investors received no written disclosure or documentation concerning Clear Energy or
19 its principals, other than a receipt for their investment.

20 15. None of these shares of Clear Energy stock issued by RESPONDENTS to private investors
21 were transferred on the books of Clear Energy.

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1 IV.

2 VIOLATION OF A.R.S. § 44-1841

3 (Offer or Sale of Unregistered Securities)

4 16. From on or about December 12, 2001 through March 6, 2005, RESPONDENTS offered or
5 sold securities in the form of evidences of indebtedness and/or fractional shares of certificates of
6 stock of Clear Energy owned by OMNI, *i.e.*, investment contracts, within or from Arizona.

7 17. The securities referred to above were not registered pursuant to the provisions of Articles 6 or
8 7 of the Securities Act.

9 18. This conduct violates A.R.S. § 44-1841.

10 V.

11 VIOLATION OF A.R.S. § 44-1842

12 (Transactions by Unregistered Dealers or Salesmen)

13 19. RESPONDENTS offered or sold securities within or from Arizona, while not registered as
14 dealers or salesmen pursuant to the provisions of Article 9 of the Securities Act.

15 20. This conduct violates A.R.S. § 44-1842.

16 VI.

17 VIOLATION OF A.R.S. § 44-1991

18 (Fraud in Connection with the Offer or Sale of Securities)

19 21. In connection with the offer or sale of securities within or from Arizona, RESPONDENTS
20 directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii) made untrue
21 statements of material fact or omitted to state material facts which were necessary in order to make
22 the statements made not misleading in light of the circumstances under which they were made; and
23 (iii) engaged in transactions, practices or courses of business which operated or would operate as a
24 fraud or deceit upon offerees and investors. RESPONDENTS' conduct includes, but is not limited
25 to, the following:
26

- 1 a) Failing to disclose that the certificates were not transferred on the books of Clear
2 Energy;
- 3 b) Failing to disclose the specific risks relating to the transfer of the shares of stock on
4 the books of Clear Energy; and
- 5 c) Failing to disclose the offer and sale of the stock certificates of Clear Energy to the
6 company, which operated or would operate as a fraud or deceit upon offerees and investors.

7 22. This conduct violates A.R.S. § 44-1991.

8 23. CHRIS DEDMON and KIMBERLY DEDMON directly or indirectly controlled OMNI
9 within the meaning of A.R.S. § 44-1999. Therefore, CHRIS DEDMON and KIMBERLY
10 DEDMON are liable to the same extent as OMNI for its violations of A.R.S. § 44-1991.

11 24. CHRIS DEDMON made, participated in or induced the sale and purchase of a security within
12 the meaning of A.R.S. § 44-2003(A). Therefore, CHRIS DEDMON is jointly and severally liable
13 for the above violations of A.R.S. § 44-1841, 44-1842, and 44-1991.

14 **VII.**

15 **REQUESTED RELIEF**

16 The Division requests that the Commission grant the following relief against
17 RESPONDENTS:

- 18 1. Order RESPONDENTS to permanently cease and desist from violating the Securities
19 Act, pursuant to A.R.S. § 44-2032;
- 20 2. Order RESPONDENTS to take affirmative action to correct the conditions resulting
21 from their acts, practices or transactions, including a requirement to make restitution pursuant to
22 A.R.S. § 44-2032;
- 23 3. Order RESPONDENTS to pay the state of Arizona administrative penalties of up to
24 five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

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IX.

ANSWER REQUIREMENT

Pursuant to A.A.C. R14-4-305, if any RESPONDENT or RESPONDENTS request a hearing, such RESPONDENT or RESPONDENTS must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Notice of Opportunity for Hearing. A Docket Control cover sheet must accompany the Answer. A cover sheet form and instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at www.cc.state.az.us/utility/forms/index.htm.

Additionally, each RESPONDENT or RESPONDENTS must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007, addressed to Pamela T. Johnson, the attorney of record for the Securities Division.

The Answer shall contain an admission or denial of each allegation in this Notice and the original signature of each RESPONDENT, RESPONDENTS or RESPONDENT's attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

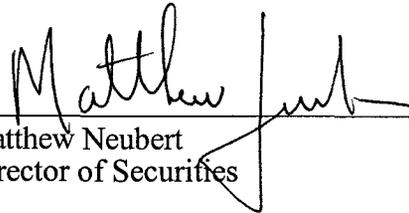
When a RESPONDENT or RESPONDENTS intends in good faith to deny only a part or a qualification of an allegation, such RESPONDENT or RESPONDENTS shall specify that part or

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1 qualification of the allegation and shall admit the remainder. RESONDENT or RESPONDENTS
2 waive any affirmative defense not raised in the answer.

3 The officer presiding over the hearing may grant relief from the requirement to file an
4 Answer for good cause shown.

5 Dated this 26 day of April, 2005.

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8 Matthew Neubert
9 Director of Securities
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Memorandum

NEW

DATE: 4/27/05
TO: Kathy Stone
Docket Control
FROM: Pam Johnson
Securities Division
RE: Christopher D. Dedmon
Docket No. S-003479A-05-0000
Assigned Staff
CC: Emie R. Bridges

This is to notify you that the following individuals have been assigned to the above-mentioned case.

Matthew Neubert
X Sharleen Day

Pam Johnson (Staff Attorney)

Julian Pereira (Staff Legal Assistant)

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