

ORIGINAL

NEW APPLICATION



0000020808

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission

DOCKETED

JUN 15 2005

DOCKETED BY [Signature]

In the matter of:
ARKAD INVESTMENT SERVICES, INC.
dba Arkad Investment Services
13236 North 7th Street, Suite No. 4288
Phoenix, AZ 85022
Respondent.

Docket No. S-03598A-05-0000

NOTICE OF OPPORTUNITY FOR
HEARING REGARDING ORDER OF
DENIAL AND FOR OTHER
AFFIRMATIVE ACTION

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 respondent ARKAD INVESTMENT SERVICES, INC., through its president, David
Medansky, has engaged in acts, practices and transactions that constitute grounds to deny its
application for investment adviser under the Arizona Investment Management Act, A.R.S. § 44-3101
et seq. ("IM Act").

I.

JURISDICTION

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

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II.

RESPONDENTS

2. ARKAD INVESTMENT SERVICES, INC. ("RESPONDENT") is an Arizona corporation, incorporated August 30, 2004, whose business address is 13236 North 7th Street, Suite No. 4288, Phoenix, AZ 85022

III.

FACTS

3. On or about September 30, 2004, the Division received notice through the Investment Advisory Registration Depository system (IARD) that RESPONDENT sought licensure in Arizona as an investment adviser. The IARD is a central information depository maintained by the National Association of Securities Dealers that is used by state and federal securities regulators for the registration and licensing of investment advisers.

4. In its application for licensure as an investment adviser, RESPONDENT disclosed a Maricopa County Grand Jury indictment against David Medansky, an officer of RESPONDENT, for seven (7) felony counts of identity theft, forgery, and theft.

5. On October 20, 2004, the Division advised RESPONDENT in writing of deficiencies in its application for licensure. In the written notification of deficiencies, the Division also requested court documents relating to the indictment against David Medansky.

6. To date, the Division has not received a complete application for licensure.

7. On November 26, 2004, the Division received notification through the IARD system that RESPONDENT had requested to be registered with the Securities and Exchange Commission ("SEC") as a federal investment adviser.

8. On January 3, 2005, the Division received notification through the IARD system that RESPONDENT was registered with the SEC as a federal investment adviser.

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VI.

HEARING OPPORTUNITY

RESPONDENT may request a hearing pursuant to A.R.S. § 44-3212 and A.A.C. R14-4-306. **If respondent requests a hearing, respondent must also answer this Notice.** A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. Respondent must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. A Docket Control cover sheet must accompany the request. 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.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission may, without a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for Hearing.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Linda Hogan, Executive Assistant to the Executive Secretary, voice phone number 602/542-3931, e-mail lhogan@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation.

VII.

ANSWER REQUIREMENT

Pursuant to A.A.C. R14-4-305, if RESPONDENT requests a hearing, RESPONDENT 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

1 calendar days after the date of service of this Notice. A Docket Control cover sheet must
2 accompany the Answer. A cover sheet form and instructions may be obtained from Docket
3 Control by calling (602) 542-3477 or on the Commission's Internet web site at
4 www.cc.state.az.us/utility/forms/index.htm.

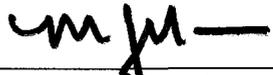
5 Additionally, RESPONDENT must serve the Answer upon the Division. Pursuant to
6 A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a
7 copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007,
8 addressed to Ella G. Johnson, Esq.

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

13
14 When RESPONDENT intends in good faith to deny only a part or a qualification of an
15 allegation, RESPONDENT shall specify that part or qualification of the allegation and shall admit
16 the remainder. RESPONDENT waives any affirmative defense not raised in the answer.

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

19 BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this 15 day of
20 June, 2005.

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23 _____
24 Matthew J. Neubert
25 Director of Securities
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