

**ORIGINAL**



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**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS:**

JEFF HATCH-MILLER – Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
BARRY WONG

AZ CORP COMMISSION  
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In the matter of:

THE 12 PERCENT FUND I, L.L.C. (a/k/a "THE 12% FUND," "12% FUND I" and "FUND"), an Arizona limited liability company, 13714 Nightstar Court Marana, Arizona 85653-4455;

COYOTE GROWTH MANAGEMENT, L.L.C., an Arizona limited liability company, 13714 Nightstar Court Marana, Arizona 85653-4455;

MICHAEL JOSEPH HANNAN (a/k/a "MICHAEL HANNAN," "MIKE HANNAN" and "MICHAEL J. HANNAN, II") and JANE DOE HANNAN, husband and wife, 13714 Nightstar Court Marana, Arizona 85653-4455;

SAM AHDOOT (a/k/a "SAM AHDOUT") and JANE DOE AHDOOT, husband and wife, 5625 Crescent Park West, Apt. 130, Playa Vista, California 90094-2083,

Respondents.

Docket No. S-20472A-06-0535

**RESPONDENTS THE 12 PERCENT FUND, I, LLC, COYOTE GROWTH MANAGEMENT, LLC, MICHAEL J. HANNAN AND JANICE HANNAN'S ANSWER**

Arizona Corporation Commission  
**DOCKETED**

OCT -6 2006

DOCKETED BY

Respondents The 12 Percent Fund I, L.L.C., Coyote Growth Management, L.L.C., Michael Joseph Hannan and Janice Hannan, husband and wife, (collectively referred to herein as "Respondents"), answering the Temporary Order to Cease and Desist and Notice of Opportunity for Hearing ("TCD"), admit, deny and allege as follows:

**I.**

**JURISDICTION**

1. Respondents admit the allegations contained in Paragraph No. 1.

**II.**

**RESPONDENTS**

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2  
3           2.       Respondents admit that The 12 Percent Fund I, L.L.C. (referred to herein as "12%  
4 Fund") is an Arizona limited liability company with an address of 13714 North Nightstar Ct.,  
5 Marana, Arizona 85653. Respondents state that the records of the Arizona Corporation  
6 Commission speak for themselves. Respondents are without sufficient information or knowledge  
7 to form a belief as to the truth or falsity of the remaining allegations in Paragraph No. 2 and,  
8 therefore, they are denied.

9           3        Respondents admit that Coyote Growth Management, L.L.C. (referred to herein as  
10 "Coyote") is an Arizona limited liability company with an address of 13714 N. Nightstar Ct.,  
11 Marana, Arizona 85653. Respondents admit that Coyote is the manager of the 12% Fund.  
12 Respondents state that the records of the Arizona Corporation Commission speak for themselves.  
13 Respondents are without sufficient information or knowledge to form a belief as to the truth or  
14 falsity of the remaining allegations in Paragraph No. 3 and, therefore, they are denied.

15           4.       Respondents admit that Michael Joseph Hannan (hereinafter referred to herein as  
16 "Mr. Hannan") is an Arizona resident whose last known address is 13714 North Nightstar Ct.,  
17 Marana, Arizona 85653, and that he is the Manager of Coyote. Respondents state that the records  
18 of the Arizona Corporation Commission speak for themselves. Respondents are without sufficient  
19 information or knowledge to form a belief as to the truth or falsity of the remaining allegations in  
20 Paragraph No. 4 and, therefore, they are denied.

21           5.       Respondents admit that Jane Doe Hannan, whose true name is Janice Hannan  
22 (referred to herein as Mrs. Hannan), is Mr. Hannan's spouse. Respondents are without sufficient  
23 information or knowledge to form a belief as to the truth or falsity of the remaining allegations in  
24 Paragraph No. 5 and, therefore, they are denied.

25           6.       Respondents are without sufficient information or knowledge to form a belief as to  
26 the truth or falsity of the allegations in Paragraph No. 6 and, therefore, they are denied.

27           7.       Respondents deny that Mr. Hannan's spouse is Jane Doe Ahdoot and are without

1 sufficient information or knowledge to form a belief as to the truth or falsity of the remaining  
2 allegations in Paragraph No. 7 and, therefore, they are denied.

3 8. Respondents are without sufficient information or knowledge to form a belief as to  
4 the truth or falsity of the allegations in Paragraph No. 8 and, therefore, they are denied.

5 9. Respondents are without sufficient information or knowledge to form a belief as to  
6 the truth or falsity of the allegations in Paragraph No. 9 and, therefore, they are denied.

7 10. Respondents admit that 12% Fund was formed on August 1, 2003 and that it  
8 maintained a website address of www.12percentfund.com (the "Website"). Respondents are  
9 without sufficient information or knowledge to form a belief as to the truth or falsity of the  
10 remaining allegations in Paragraph No. 10 and, therefore, they are denied.

11 11. Respondents are without sufficient information or knowledge to form a belief as to  
12 the truth or falsity of the allegations in Paragraph No. 11 and, therefore, they are denied.

13 12. Respondents are without sufficient information or knowledge to form a belief as to  
14 the truth or falsity of the allegations in Paragraph No. 12 and, therefore, they are denied.

15 13. Respondent Mr. Hannan denies that the Website contained an audio recording in  
16 which he states that Respondents cannot legally represent to a potential investor that they will  
17 receive a 12% per year return. Respondents affirmatively deny any and all allegations in Paragraph  
18 No. 13 that contain legal conclusions. Respondents are without sufficient information or  
19 knowledge to form a belief as to the truth or falsity of the remaining allegations of Paragraph  
20 No. 13 and, therefore, they are denied

21 14. Respondents deny the allegations in Paragraph No. 14.

22 15. In responding to the allegations in Paragraph No. 15, Respondents state this  
23 paragraph contains incomplete and/or inaccurate allegations and, therefore, Respondents are  
24 without sufficient information or knowledge to form a belief as to the truth or falsity of the  
25 allegations in Paragraph No. 15 and, therefore, they are denied.

26 16. In responding to the allegations in Paragraph No. 16, Respondents admit that the  
27 Website contained video clips, but deny the characterization of the content of the video clips.

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1 Respondents are without sufficient information or knowledge to form a belief as to the truth or  
2 falsity of the remaining allegations in Paragraph No. 16 and, therefore, they are denied.

3 17. In responding to the allegations in Paragraph No. 17, Respondents state this  
4 paragraph contains incomplete and/or inaccurate allegations and, therefore, Respondents are  
5 without sufficient information or knowledge to form a belief as to the truth or falsity of the  
6 allegations in Paragraph No. 17 and, therefore, they are denied.

7 18. In responding to the allegations in Paragraph No. 18, Respondents state this  
8 paragraph contains incomplete and/or inaccurate allegations and, therefore, Respondents are  
9 without sufficient information or knowledge to form a belief as to the truth or falsity of the  
10 allegations in Paragraph No. 18 and, therefore, they are denied.

11 19. In responding to the allegations in Paragraph No. 19, Respondents state this  
12 paragraph contains incomplete and/or inaccurate allegations and, therefore, Respondents are  
13 without sufficient information or knowledge to form a belief as to the truth or falsity of the  
14 allegations in Paragraph No. 19 and, therefore, they are denied.

15 20. Respondents are without sufficient information or knowledge to form a belief as to  
16 the truth or falsity of the allegations in Paragraph No. 20 and, therefore, they are denied.

17 21. Respondents are without sufficient information or knowledge to form a belief as to  
18 the truth or falsity of the allegations in Paragraph No. 21 and, therefore, they are denied.

19 22. Respondents are without sufficient information or knowledge to form a belief as to  
20 the truth or falsity of the allegations in Paragraph No. 22 and, therefore, they are denied.

21 23. In responding to the allegations in Paragraph No. 23, Respondents state this  
22 paragraph contains incomplete, inaccurate and/or conclusory allegations and, therefore,  
23 Respondents are without sufficient information or knowledge to form a belief as to the truth or  
24 falsity of the allegations in Paragraph No. 23 and, therefore, they are denied.

25 24. In responding to the allegations in Paragraph No. 24, Respondents state this  
26 paragraph contains incomplete, inaccurate and/or conclusory allegations and, therefore,  
27 Respondents are without sufficient information or knowledge to form a belief as to the truth or

1 falsity of the allegations in Paragraph No. 24 and, therefore, they are denied.

2 25. Respondents are without sufficient information or knowledge to form a belief as to  
3 the truth or falsity of the allegations in Paragraph No. 25 and, therefore, they are denied.

4 26. Respondent Mr. Hannan admits that in or about 1987 he was the President of  
5 Institutional Capital Growth, Inc. Respondents affirmatively state that public records speak for  
6 themselves and that they are without sufficient information or knowledge to form a belief as to the  
7 truth or falsity of the remaining allegations in Paragraph No. 26 and, therefore, they are denied.

8 27. Respondents affirmatively state that public records speak for themselves and that  
9 they are without sufficient information or knowledge to form a belief as to the truth or falsity of the  
10 allegations in Paragraph No. 27 and, therefore, they are denied.

11 28. Respondents affirmatively state that public records speak for themselves and that  
12 they are without sufficient information or knowledge to form a belief as to the truth or falsity of the  
13 allegations in Paragraph No. 28 and, therefore, they are denied.

14 29. Respondents deny the allegations in Paragraph No. 29 as they call for a legal  
15 conclusion.

16 30. Respondents state that the records of the Arizona Corporation Commission speak  
17 for themselves.

18 31. Respondents deny the allegations in Paragraph No. 30.

19 32. Respondents deny the allegations in Paragraph No. 32 as they call for a legal  
20 conclusion.

21 33. Respondents deny the allegations in Paragraph No. 33.

22 34. Respondents state that the allegations in Paragraph No. 34 call for legal conclusions.

23 In addition, Respondents state that Paragraph No. 34 contains incomplete, inaccurate and/or  
24 conclusory allegations and, therefore, Respondents are without sufficient information or knowledge  
25 to form a belief as to the truth or falsity of the allegations in Paragraph No. 34 and, therefore, they  
26 are denied.

27 35. Respondents deny the allegations in Paragraph No. 35.



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from injuries or damages as a result of Respondents' acts.

10. For their tenth affirmative defense, Respondents allege that they never made any misrepresentations or omissions, material or otherwise.

11. For their eleventh affirmative defense, Respondents allege that the violations, if any, of the Arizona Securities Act were proximately caused and contributed to by the improper conduct or intervening acts of other third persons who are not named in the action as parties.

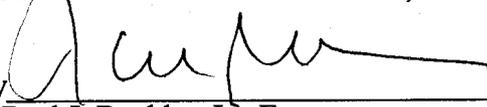
12. For their twelfth affirmative defense, Respondents allege that they acted in good faith and did not directly or indirectly induce the conduct at issue.

13. For their thirteenth affirmative defense, Respondents allege that Respondent Mr. Hannan was not involved with the other Respondents' business activities.

14. For their fourteenth affirmative defense, Respondents allege that no complaints have been filed against Respondents.

RESPECTFULLY SUBMITTED this 6th day of October, 2006.

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By 

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1 ORIGINAL and thirteen copies of the foregoing  
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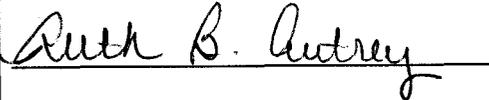
2 Docket Control  
3 Arizona Corporation Commission  
4 1200 West Washington Street  
Phoenix, Arizona 85007

5 Copy of the foregoing hand-delivered  
this 6th day of October, 2006 to:

6 Marc E. Stern  
7 Administrative Law Judge  
8 Hearing Division  
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18 Hannan.ACC/pld/Answer to C&D.doc

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