

ORIGINAL



0000064077

03

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HARALSON, MILLER, PITT, FELDMAN & Arizona Corporation Commission
Attorneys at Law
One South Church Avenue, Suite 900
Tucson, Arizona 85701-1620
(520) 792-3836

DOCKETED

NOV 24 2006

DOCKETED BY [Handwritten: NR]

Lindsay Brew
SBN 2648
Attorneys for Respondent

BEFORE THE ARIZONA CORPORATION COMMISSION

In the matter of:

JOHN EDWARD TENCZA and CHRISTINE M. TENCZA, husband and wife
2741 West Piazza Drive
Meridian, Idaho 83642

Docket No. S-20483A-06-0661

AMERICAN ELDER GROUP, L.L.C., an Arizona limited liability company
7779 East Nestling Way
Scottsdale, Arizona 85255

**ANSWER OF
GREGORY G. GROH
AND GAIL A. GROH**

AMERICAN ELDER GROUP, INC., a Nevada corporation fka American Investment Management Group, Inc., a Nevada corporation
2050 Russett Way
Carson City, Nevada 89703

PHILLIP ROBERT OHST and MARY ELIZABETH OHST, husband and wife,
1837 West Claremont Street
Phoenix, AZ 85015

GREGORY GRANT GROH and GAIL A. GROH, husband and wife,
5237 East Michelle Drive
Scottsdale, Arizona 85254

Respondents.

RECEIVED
2006 NOV 24 11:21 AM
AZ CORP COMMISSION
DOCUMENT CONTROL
DOCUMENT CONTROL

1 Respondents Gregory G. Groh and Gail A. Groh answer the allegations of the Securities
2 Division as follows:

3 Respondents deny that they have engaged in or aided and abetted acts practices or transactions
4 which constitute violations of the Security Act of Arizona.

5 Respondents further answer as follows:

- 6 1. Admit the matters alleged in paragraphs numbered 1 through 13.
- 7 2. Admit so much of paragraph 14 as alleges that Gregory Groh had contact information on
8 approximately 1,400 individuals for whom he had written and/or reviewed trust documents
9 while working for companies such as American Estate Services and Liberty Estate
10 Management.
- 11 3. Admit that Gregory Groh entered into an agreement with John Tencza as described in
12 paragraph 15 and 16 with respect to the individuals referenced in paragraph 14. These
13 individuals were former clients of Gregory Groh an undetermined but large portion of whom
14 had deficiencies in their estate planning documents. The individuals had contracts with
15 American Estate Services or other companies that entitled them to continuing services. These
16 companies were no longer in business and were not honoring the contracts. Gregory Groh had
17 been hired by the companies for a flat rate to review the original documents. Gregory Groh did
18 not know whether he had continuing obligations to these people or how to provide them the
19 services that they were likely to need. Tencza's proposal was a solution to these problems.
- 20 5. Admit the matters alleged in paragraphs 17 through 19 that have not been denied above.
- 21 6. Admit so much of paragraphs 20 and 21 as alleges that in 2001 Tencza approached Gregory
22 Groh with the idea of presenting the Universal lease timeshare program in addition to or instead
23 of the annuities and other insurance products, and that Gregory Groh agreed. Tencza proposed
24 this change because people were not buying his annuity products.
- 25 7. Admit the matters alleged in paragraphs 22 and 23.

- 1 8. Deny paragraph 24.
- 2 9. Deny so much of paragraph 25 as alleges that Universal lease program was to be sold only to
3 persons who wanted to get out of annuities, or that Tencza told anyone that. Admit that the
4 Universal lease products were sold to people who did not have or surrender annuities.
- 5 10. Admit the matters alleged in paragraphs 26 and 27 that have not been denied above.
- 6 11. Deny paragraph 28.
- 7 12. Admit the matters alleged in paragraphs 29 through 35 that have not been denied above.
- 8 13. Deny so much of paragraph 36 as alleges that Gregory Groh did not consider Tencza to be
9 employed by him, and admits the rest. Although Gregory Groh did not consider Tencza and
10 his assistants to be "employees", because he was not compensating them, with respect to the
11 review and updating of the estate planning documents they were acting as Gregory Groh's
12 agents under his supervision and control.
- 13 14. Admit the matters alleged in paragraph 37 that have not been denied above.
- 14 15. Deny paragraph 38.
- 15 16. Deny paragraph 39. Gregory Groh did not possess any files or documents belonging to or
16 received from the persons to whom the letter was sent.
- 17 17. Admit the matters alleged in paragraph 40 that have not been denied above.
- 18 18. Deny paragraphs 41 and 42.
- 19 19. Admit the matters alleged in paragraphs 43 and 44 that have not been denied above.
- 20 20. Deny paragraph 45.
- 21 21. Admit the matters alleged in paragraph 46 that have not been denied above.
- 22 22. Admit, as alleged in paragraph 47, that Gregory Groh's letterhead was on Tencza's computer
23 for purposes of communicating to the individuals referenced in paragraph 14 but deny that any
24 general authority to use it was granted.
- 25 23. Admit the matters alleged in paragraph 48 and 49 that have not been denied above.

- 1 24. Deny paragraphs 50 and 51.
- 2 25. Admit the matters alleged in paragraphs 52 through 55 that have not been denied above.
- 3 26. Deny paragraph 56. Virtually all of the individuals whose documents were reviewed required
4 some work.
- 5 27. Admit the matters alleged in paragraph 57 that have not been denied above.
- 6 28. Deny paragraph 58. Gregory Groh has no knowledge of what may or may not have been
7 important to the people considering the Universal lease.
- 8 29. Admit paragraph 59.
- 9 30. Have no knowledge of the matters alleged in paragraph 60 and therefore deny them.
- 10 31. Admit paragraphs 61 and 62.
- 11 32. Admit so much of paragraphs 63 through 65 as alleges that a meeting took place between
12 Gregory Groh, Tencza and Ohst wherein the Universal lease was explained and Ohst agreed
13 to participate in the review of the estate planning documents and the sale of the Universal lease
14 program, and deny the rest.
- 15 33. Have no knowledge of the matters alleged in paragraph 66 and therefore deny them.
- 16 34. Admit paragraph 67.
- 17 35. Deny paragraph 68.
- 18 36. Admit the matters alleged in paragraph 69 that have not been denied above.
- 19 37. Have no direct knowledge of any of the matters alleged in paragraphs 70 through 80 other than
20 that Tencza told Gregory Groh that Tencza would receive a 10% commission on each sale and
21 that Gregory Groh would receive 40% of that for sale to the people to whom the letter was sent.
22 Despite the lack of personal knowledge, Respondents believe the remaining allegations of
23 paragraphs 70 to 80 to be true and therefore admit them.
- 24 38. Deny paragraph 81. Virtually all of the persons who responded to the letter required some
25 work on their estate planning documents. Although it was theoretically possible under the

- 1 terms of the agreement with Tencza, Respondents are unaware of a situation where Gregory
2 Groh received a commission on a sale when no work was performed.
- 3 39. Admit the allegations of paragraphs 82 through 86 that have not been denied above.
- 4 40. Admit the allegations in paragraph 87 through 89 that have not been denied above, because
5 Gregory Groh had no direct communication on these subjects with any of the persons referred
6 to. Respondents however deny that the commission referred to in paragraph 87 and 88 was not
7 in fact disclosed, or the distinction referred to in paragraph 89 was not made.
- 8 41. Deny paragraph 90.
- 9 42. Admit paragraphs 91 to 93.
- 10 43. Deny paragraph 94.
- 11 44. Admit so much of paragraph 95 as alleges that Option 2 allowed purchasers to rent out their
12 time shares themselves, required payments of annual maintenance fees, and provided no
13 guaranteed return and deny the rest.
- 14 45. Admit paragraph 96 through 98.
- 15 46. Deny paragraph 99.
- 16 47. Deny paragraph 100 for lack of information.
- 17 48. Admit paragraph 101.
- 18 49. Deny paragraph 102.
- 19 50. Deny paragraphs 103 through 106 for lack of information.
- 20 51. Deny paragraph 107.
- 21 52. Deny paragraphs 108 through 118 for lack of information.
- 22 53. Admit so much of paragraphs 119 and 120 as allege that Gregory Groh did not personally
23 disclose to prospective purchasers of the Universal lease program the matters set forth therein
24 and deny the rest.
- 25 54. Do not respond to the allegations of paragraph 121 as not requiring a response from these

- 1 Respondents. If required to respond, respondents believe those allegations to be true.
- 2 55. Admit that the Universal leases were not registered as securities under the Securities Act and
3 otherwise deny the allegations of paragraph 122 to 126.
- 4 56. Do not respond to paragraphs 127 to 129 as not requiring a response from these Respondents.
5 If required to respond, deny that the Universal leases were securities, or that the conduct of
6 Tencza and Ohst violated A.R.S. §44-1842 and admit the rest
- 7 57. Deny paragraphs 130 and 131.
- 8 58. Do not respond to paragraph 132 as not requiring a response from these Respondents. If
9 required to respond, Respondents admit the allegations of paragraph 132.
- 10 59. Deny paragraph 133.

11 WHEREFORE Respondents pray that this matter be dismissed and that Respondents be
12 awarded any other or further relief permitted by Commission rule or statute.

13 Dated this 22ND day of November, 2006.

14 HARALSON, MILLER, PITT, FELDMAN
15 & McANALLY, P.L.C.

16 By: 
17 Lindsay E. Brew
18 Attorneys for Respondents Groh

19 ORIGINAL of the foregoing
20 delivered this 24TH day of November, 2006, to:

21 Docket Control
22 Arizona Corporation Commission
23 1200 W. Washington
24 Phoenix, AZ 85007

25 