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BEFORE THE ARIZONA CORPORATION COMMISSION

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MIKE GLEASON
Chairman

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Commissioner

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Commissioner

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Commissioner

2007 APR 12 P 4: 51

ARIZONA CORP COMMISSION
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Arizona Corporation Commission

DOCKETED

APR 12 2007

DOCKETED BY	<i>nr</i>
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In the matter of:

DOCKET NO. S-20518A-07-0146

ALONZO RUSSELL, CRD#1993366, dba
Guardian Angel Advisors ("GAA"), and
LINDA RUSSELL, CRD#4462936, husband
and wife,

**RESPONDENTS ALONZO RUSSELL,
GUARDIAN ANGEL ADVISORS AND
LINDA RUSSELL'S ANSWER**

Respondents.

Respondents Alonzo Russell ("Mr. Russell") dba Guardian Angel Advisors ("GAA") and Linda Russell ("Ms. Russell") (collectively "Respondents") submit their Answer to the Temporary Order to Cease and Desist and Notice of Opportunity for Hearing (the "Notice"). Respondents respond to the numbered paragraphs of the Notice as follows:

I. JURISDICTION

1. Respondents admit the allegations in paragraph 1.

II. RESPONDENT

2. The allegation in paragraph 2 that AIG discharged Mr. Russell for violating company policy in connection with the sale of an unapproved product is an incomplete and inaccurate statement of the facts, and is therefore denied. Respondents admit the remaining allegations in paragraph 2.

3. Respondents admit that Linda Russell is Mr. Russell's spouse. Respondents deny each and every other allegation in paragraph 3.

1 4. Respondents deny the allegations in paragraph 4.

2 5. Paragraph 5 of the Notice requires no response.

3 **III. FACTS**

4 6. Paragraph 6 of the Notice refers to an unidentified "customer," rendering it
5 impossible to respond to the allegations. Accordingly, Respondents deny each and every
6 allegation in paragraph 6.

7 7. Paragraph 7 of the Notice refers to an unidentified "customer," rendering it
8 impossible to respond to the allegations. Accordingly, Respondents deny each and every
9 allegation in paragraph 7.

10 8. Paragraph 8 of the Notice refers to an unidentified "customer," rendering it
11 impossible to respond to the allegations. Accordingly, Respondents deny each and every
12 allegation in paragraph 8.

13 9. Paragraph 9 of the Notice refers to an unidentified "customer," rendering it
14 impossible to respond to the allegations. Accordingly, Respondents deny each and every
15 allegation in paragraph 9.

16 10. Paragraph 10 of the Notice refers to an unidentified "customer," rendering it
17 impossible to respond to the allegations. Accordingly, Respondents deny each and every
18 allegation in paragraph 10.

19 11. Paragraph 11 of the Notice refers to an unidentified "customer," rendering it
20 impossible to respond to the allegations. Accordingly, Respondents deny each and every
21 allegation in paragraph 11.

1 12. Paragraph 12 of the Notice refers to an unidentified "customer," rendering it
2 impossible to respond to the allegations. Accordingly, Respondents deny each and every
3 allegation in paragraph 12.

4 13. Paragraph 13 of the Notice refers to an unidentified "customer," rendering it
5 impossible to respond to the allegations. Accordingly, Respondents deny each and every
6 allegation in paragraph 13.

7 14. Paragraph 14 of the Notice refers to an unidentified "customer," rendering it
8 impossible to respond to the allegations. Accordingly, Respondents deny each and every
9 allegation in paragraph 14.

10 15. Paragraph 15 of the Notice refers to an unidentified "customer," rendering it
11 impossible to respond to the allegations. Accordingly, Respondents deny each and every
12 allegation in paragraph 15.

13 16. Paragraph 16 of the Notice refers to an unidentified "customer," rendering it
14 impossible to respond to the allegations. Accordingly, Respondents deny each and every
15 allegation in paragraph 16.

16 17. Paragraph 17 of the Notice refers to an unidentified "customer," rendering it
17 impossible to respond to the allegations. Accordingly, Respondents deny each and every
18 allegation in paragraph 17.

19 18. A portion of the allegations in paragraph 18 refer to an unidentified "customer,"
20 rendering it impossible to respond to the allegations. Accordingly, Respondents deny each and
21 every allegation in paragraph 18 of the Notice related to an unidentified "customer." As to the
22 remaining allegations, Respondents are without sufficient knowledge or information to admit or
23 deny them, and therefore deny those allegations.
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1 **(Denial, Revocation or Suspension of Registration of Salesman; Restitution, Penalties, or**
2 **other Affirmative Action)**

- 3 26. Respondents deny the allegations in paragraph 26.
4 27. Respondents deny the allegations in paragraph 27.

5 **VI.**

6 **REMEDIES PURSUANT TO A.R.S. § 44-3201**

7 **(Denial, Revocation or Suspension of Investment Adviser or Investment Adviser**
8 **Representation License; Restitution, Penalties, or other Affirmative Action)**

- 9
10 28. Respondents deny the allegations in paragraph 28.
11 29. Respondents deny the allegations in paragraph 29.

12 **VII.**

13 **VIOLATION OF A.R.S. § 44-3241**

14 **(Fraud in the Provision of Investment Advisory Services)**

- 15 30. Respondents deny the allegations in paragraph 30.
16 31. Respondents deny the allegations in paragraph 31.
17 32. Respondents deny each and every allegation not specifically admitted herein.

18 **AFFIRMATIVE DEFENSES**

19 The following affirmative defenses nullify any potential claims asserted by the Division.
20 Respondents reserve the right to amend this Answer to assert additional defenses after completion
21 of discovery.
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23 **First Affirmative Defense**

24 No violation of the Arizona Securities Act occurred because the program at issue is not a
25 security.
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Second Affirmative Defense

Because the program at issue is not a security, the Arizona Securities Division has no jurisdiction to bring this action and the action should be dismissed.

Third Affirmative Defense

The Notice fails to state a claim upon which relief can be granted.

Fourth Affirmative Defense

The Division has failed to plead fraud with reasonable particularity as required by Rule 9(b) of the Arizona Rules of Civil Procedure.

Fifth Affirmative Defense

Respondents did not know and in the exercise of reasonable care could not have known of any alleged untrue statements or material omissions as set forth in the Notice.

Sixth Affirmative Defense

Respondents did not act with the requisite scienter.

Seventh Affirmative Defense

Respondents did not employ a deceptive or manipulative device in connection with the purchase or sale of any security.

Eighth Affirmative Defense

If the program at issue was a security it was exempt from registration pursuant to A.R.S. § 44-1844(A)(1).

Ninth Affirmative Defense

This proceeding before the Arizona Corporation Commission denies Respondents essential due process and is lacking in fundamental fairness. Respondents' constitutional rights will be further denied if they are not afforded trial by jury of this matter.

Tenth Affirmative Defense

The Division cannot meet the applicable standards for any of the relief it is seeking in the Notice.

Eleventh Affirmative Defense

Respondents did not offer or sell securities within the meaning of the Arizona Securities Act.

Twelfth Affirmative Defense

Respondents allege such other affirmative defenses set forth in the Arizona Rules of Civil Procedure 8(c) as may be determined to be applicable during discovery.

RESPECTFULLY SUBMITTED this 10th day of April, 2007.

BADE & BASKIN PLC

By 

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1 ORIGINAL and thirteen copies of the foregoing
2 filed this 14th day of April, 2007 with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, AZ 85007

7 COPY of the foregoing hand-delivered
8 this 14th day of April, 2007 to:

9 Matthew J. Neubert
10 Director of Securities
11 Securities Division
12 Arizona Corporation Commission
13 1300 W. Washington Street, 3rd Floor
14 Phoenix, AZ 85007

15 COPY of the foregoing mailed
16 this 14th day of April, 2007 to:

17 Pamela Johnson
18 Securities Division
19 Arizona Corporation Commission
20 1300 W. Washington, 3rd Floor
21 Phoenix, AZ 85007

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23 _____
24 russell.acc/pld/answer.doc

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