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At: Phoenix, Arizona

Date: September 30, 2001

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REPORTER'S TRANSCRIPT OF PROCEEDINGS

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By: NANCY P. BLEDSOE, RPR
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CCR No. 50581

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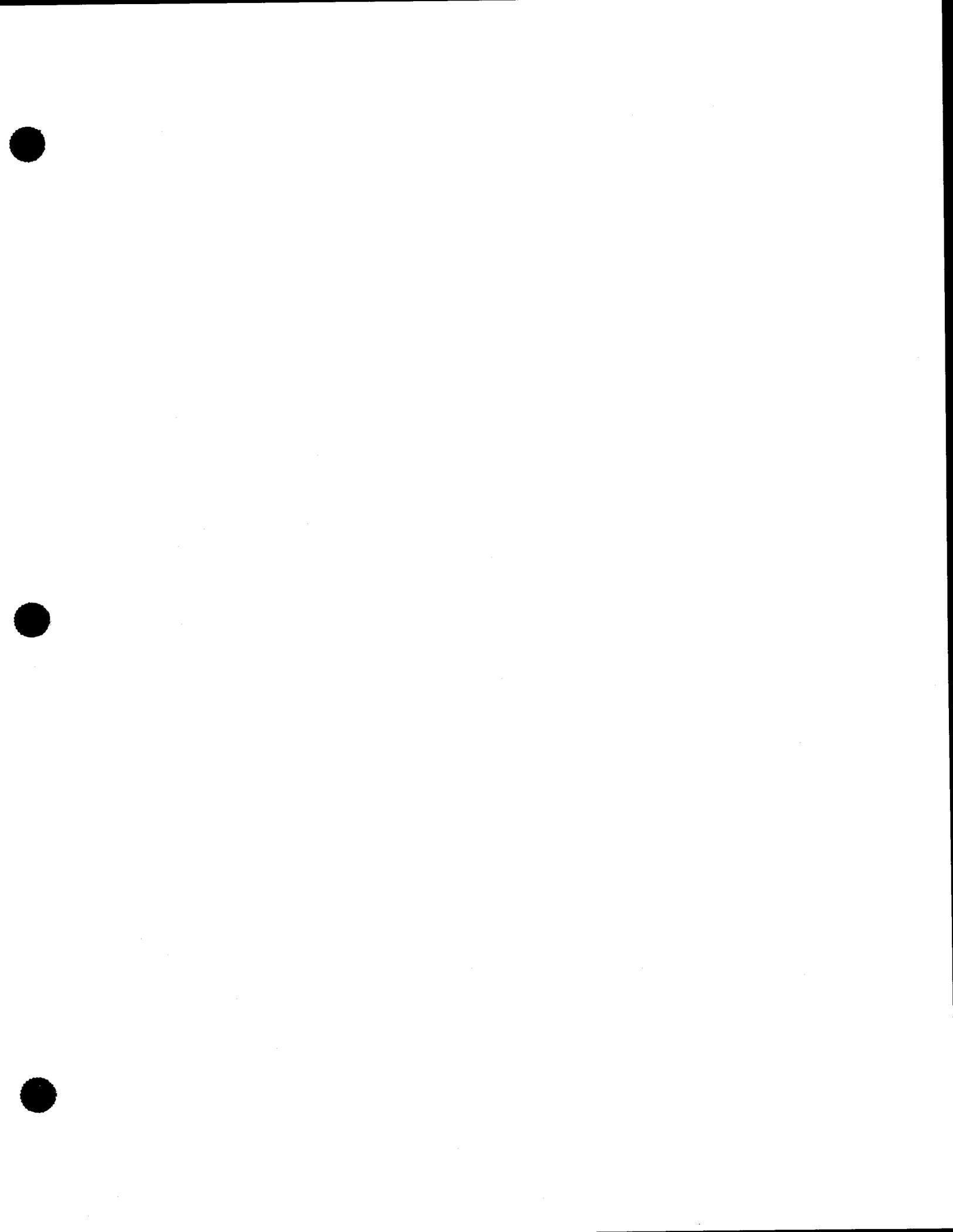
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1 BE IT REMEMBERED that the above-entitled and
2 numbered matter came on regularly to be heard before
3 the Arizona Corporation Commission in Hearing Room 1
4 of said Commission, 1200 West Washington, Phoenix,
5 Arizona, commencing at 11:01 a.m., on the 20th day of
6 September, 2001.

7

8 BEFORE: MARC E. STERN, ADMINISTRATIVE LAW JUDGE

9

APPEARANCES:

10

11 For the Arizona Corporation Commission, Securities
12 Division:

12

13 Ms. Pam Johnson
14 Attorney, Securities Division
15 Arizona Corporation Commission
1300 West Washington
Phoenix, Arizona 85007

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16 For Respondent Hyland A. Stokes, Estate Planning
17 Protection, Gary Christian, and Cornerstone Senior
Planning:

18

19 Mr. Lawrence R. Moon
Lawrence R. Moon, P.C.
Suite 216
132 South Central Avenue
Phoenix, Arizona 85004

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21 For Respondent Roger Lancette:

22

23 Mr. Mark D. Chester
Law Offices of Mark D. Chester
Suite 309
24 14500 North Northsight Boulevard
Scottsdale, Arizona 85260

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1 For Respondent Wallace Butterworth and Senior
Advisory Services:

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Mr. Nicolas Cornelius
Law Offices of Nicolas Cornelius
Suite 309
14500 North Northsight Boulevard
Scottsdale, Arizona 85260

NANCY P. BLEDSOE, RPR
Certified Court Reporter
CCR No. 50581

1 ALJ STERN: On the record in the matter of
2 Hotel Connect LLC's No. 100-1100, et al., in
3 Docket No. S-03444A-01-0000.

4 My name is Marc Stern. I'll preside over
5 this prehearing conference today.

6 At this time we will take appearances on
7 behalf of the Division and any respondents who happen
8 to be present.

9 For the Division?

10 MS. JOHNSON: Pam Johnson, attorney for the
11 Securities Division.

12 ALJ STERN: Who is present for the
13 respondents today?

14 MR. CHESTER: Mark Chester for Respondent
15 Roger Lancette.

16 ALJ STERN: Anyone else?

17 MR. CORNELIUS: Your Honor, Nicolas Cornelius
18 on behalf of Respondent Wallace Butterworth and Senior
19 Advisory Services.

20 ALJ STERN: Butterworth and Senior Advisory
21 Services, is that --

22 MR. CORNELIUS: Your Honor, that's a DBA.

23 ALJ STERN: I guess Lancette is a DBA also?
24 Is he a DBA?

25 MR. CHESTER: Yes, Your Honor.

1 ALJ STERN: Okay. And is Mr. Lancette here?
2 Is that your client?

3 MR. CHESTER: Correct.

4 ALJ STERN: Mr. Butterworth is not here
5 yet -- wait. Who is this?

6 MR. CORNELIUS: Mr. Butterworth is not
7 present this morning.

8 ALJ STERN: What's your name?

9 MR. CORNELIUS: I'm Nick Cornelius.

10 ALJ STERN: Okay. And you are present for?

11 MR. CORNELIUS: Mr. Butterworth, Your Honor.

12 ALJ STERN: Butterworth.

13 Wait a minute. Something's the matter. I
14 thought I had this all organized.

15 You are here for Butterworth and Senior
16 Advisory?

17 MR. CORNELIUS: Yes, Your Honor.

18 ALJ STERN: And sir, I'm sorry, I missed your
19 name. You are Lawrence Moon?

20 MR. MOON: That's correct, Your Honor.

21 ALJ STERN: And you are here for?

22 MR. MOON: Gary Christian.

23 ALJ STERN: He DBAs also?

24 MR. MOON: Actually, I believe Cornerstone
25 Senior Planning is a limited liability corporation,

1 but I also represent Cornerstone, yes. And I'm also
2 here on behalf of Highland Stokes and Estate Planning
3 Protection, which is a corporation.

4 ALJ STERN: Is that a corporation related to
5 Mr. Stokes, the Estate Planning --

6 MR. MOON: Yes, Your Honor. I believe he's
7 the sole owner.

8 ALJ STERN: Okay. Well, this is a securities
9 proceeding. I haven't seen you gentlemen here. I
10 assume you have some experience in this area, although
11 if you don't, I'm sure that Ms. Johnson can fill you
12 in on how we work things.

13 None of the respondents are here, but what we
14 normally do at this time with a prehearing is give you
15 some time to talk. And I think in some of these
16 cases --

17 Correct me if I'm wrong, Ms. Johnson, isn't
18 there a consent order that's been approved for
19 Mr. Melkowski in this case and some other case also?

20 MS. JOHNSON: Yes, and also a consent order
21 for Mr. Gobel has been approved, and Hotel Connect has
22 a default order that's been approved against it.

23 ALJ STERN: A default on them.

24 How about Eagle Communications? Is that part
25 of Melkowski?

1 MS. JOHNSON: Yes.

2 ALJ STERN: So we are just left with these
3 four individuals and their various business entities?

4 MS. JOHNSON: That's correct.

5 ALJ STERN: Have you gentlemen had a chance
6 to discuss any of the allegations against your clients
7 yet? Do you want to talk to her for a few minutes
8 before we do anything further?

9 I see. I think it's Mr. Moon --

10 MR. CORNELIUS: Cornelius.

11 ALJ STERN: I have your names out of order,
12 that's why I'm having this problem.

13 MR. CORNELIUS: I think we had the
14 opportunity to discuss some of these issues with
15 Ms. Johnson, and we just want to firm up what we would
16 like to propose to the hearing officer.

17 ALJ STERN: Do you need a few minutes?

18 MR. CORNELIUS: I think so, Your Honor.

19 ALJ STERN: We'll go off the record right
20 now, and let you all discuss whatever it is you are
21 discussing, and I'll be back. You can come and get me
22 in the office.

23 Thank you.

24 (A recess from 11:07 a.m. to 11:31 a.m.
25 ensued.)

1 ALJ STERN: Returning to the record.

2 The parties have had a chance to discuss with
3 Ms. Johnson of the Division possible consent orders
4 which they will be reviewing. Counsel for the parties
5 will be reviewing them with their clients in the
6 interim period.

7 However, pursuant to agreement of counsel and
8 the Hearing Division, we will set this for hearing
9 commencing Monday, October 29th, at 10:00 a.m., and
10 reserve the remainder of that week for hearing also,
11 Tuesday the 30th, Wednesday the 31st, Thursday the
12 1st, and Friday the 2nd, if need be. Hopefully, it
13 will be resolved before then, and we won't have to
14 have hearings. But if we do, we do.

15 Is that about it?

16 The Division has said if, in fact, the
17 consents are reached, if it's necessary, we can also
18 reschedule the matter. If we don't have a consent, I
19 would assume that if two or three of the individuals
20 consent out and you only have one, the number of
21 witnesses will be drastically reduced.

22 MS. JOHNSON: Yes. We will also have the
23 hearing most likely even in that event because we
24 don't want to be in a position where we would have to
25 put on two hearings. We want to make sure the consent

1 orders are accepted.

2 ALJ STERN: When do you have in mind?

3 Assuming we get the other consent order out, I guess
4 this week, it would be?

5 MS. JOHNSON: Yes. The other one will go out
6 today.

7 ALJ STERN: Okay. Then when would you be --
8 assuming the consent orders are agreed upon, what open
9 meeting would you be going for?

10 MS. JOHNSON: The 23rd of October. I've
11 requested -- we are going to attempt to get this
12 finalized in the next two weeks and get it on the
13 October 23rd --

14 I'm going to go back on what I just said.

15 It's very likely if we only get a couple of
16 consents, we might bifurcate the hearing and just do
17 the hearing on the two salesmen who don't enter a
18 consent on the week of the 29th, and if those -- we'll
19 know on the 23rd whether the other ones are accepted
20 or not. We'll have to deal with that when the time
21 comes.

22 ALJ STERN: I think sort of -- I'm not sure I
23 would want to have more than one hearing with all the
24 same offerings. If something happens with the
25 consents, I don't want to necessarily have a hearing

1 for two, and then I have two more down the line.

2 MS. JOHNSON: If we can get them on the 23rd
3 open meeting, and if they are approved, then we would
4 be proceeding on the 29th with the hearing against the
5 remaining parties.

6 ALJ STERN: Okay. What we are talking about
7 here -- are there any issues on the offerings
8 themselves? I think they were limited partnerships or
9 membership interests, or something, or viaticals.

10 MS. JOHNSON: There were three different
11 products. One is membership interests, the other two
12 are business opportunities offered by different
13 issuers.

14 ALJ STERN: Okay. Well, anyhow, we are set
15 at least for the time being October 29th at 10:00 in
16 the morning by agreement. I will not put out a
17 procedural order unless anyone just wants one to come
18 in the mail so they will have it in their record.

19 Does anyone require a procedural order?

20 (No response.)

21 ALJ STERN: No? Okay. If you get everybody
22 to agree, that will be good.

23 Thank you.

24 (The prehearing concluded at 11:35 a.m.)

25

1 STATE OF ARIZONA)

2) ss.

3 COUNTY OF MARICOPA)

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7 I, NANCY P. BLEDSOE, Certified Court Reporter

8 No. 50581 for the State of Arizona, do hereby certify

9 that the foregoing printed pages constitute a full,

10 true and accurate transcript of the proceedings had in

11 the foregoing matter, all done to the best of my skill

12 and my ability.

13

14 WITNESS my hand this 8th day of October,

15 2001.

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Nancy P. Bledsoe

NANCY P. BLEDSOE, RPR
Certified Court Reporter
CCR No. 50581

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