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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
GARY PIERCE

2007 OCT 16 P 3:42

AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF:

DOCKET NO. S-20482A-06-0631

EDWARD A. PURVIS and MAUREEN H. PURVIS,  
husband and wife  
1231 West Shannon  
Chandler, Arizona 85224

GREGG L. WOLFE and ALLISON A. WOLFE,  
husband and wife  
2092 West Dublin Lane  
Chandler, Arizona 85224

NAKAMI CHI GROUP MINISTRIES  
INTERNATIONAL, (a/k/a NCGMI), a Nevada  
corporation sole  
4400 North Scottsdale Road, Suite 9-231  
Scottsdale, Arizona 85251

JAMES W. KEATON, Jr. and JENNIFER  
KEATON, husband and wife  
11398 East Whitehorn Drive, Apt. D  
Scottsdale, Arizona 85255

ACI HOLDINGS, INC., a Nevada corporation  
17650 North 25<sup>th</sup> Avenue  
Phoenix, Arizona 85023

Respondents.

Arizona Corporation Commission  
**DOCKETED**  
OCT 16 2007

DOCKETED BY *nr*

TWELFTH  
PROCEDURAL ORDER

**BY THE COMMISSION:**

On October 3, 2006, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity of Hearing ("Notice") against Edward A. and Maureen H. Purvis, husband and wife, Gregg L. and Allison A. Wolfe, husband and wife, Nakami Chi Group Ministries International aka NCGMI ("NCGMI"), James W. Keaton, Jr. and Jennifer Keaton, husband and wife, and ACI Holdings, Inc. ("ACI"), (collectively "Respondents"), in

1 which the Division alleged multiple violations of the Arizona Securities Act ("Act") in connection  
2 with the offer and sale of stock and investment contracts.

3 Respondents were duly served with copies of the Notice.

4 On October 11, 2006, Edward A. and Maureen H. Purvis filed a request for a hearing.

5 On October 16, 2006, James W. Keaton, Jr., Jennifer Keaton and ACI filed a request for a  
6 hearing.

7 No requests for hearing have been filed on behalf of either Gregg and Allison Wolfe or  
8 NCGMI.

9 On October 25, 2006, by Procedural Order, a pre-hearing conference was scheduled  
10 November 16, 2006.

11 On November 16, 2006, counsel for the Division, counsel for Mr. and Mrs. Purvis and  
12 counsel for Mr. and Mrs. Keaton and ACI appeared to discuss their relative positions in the  
13 proceeding and whether a hearing should be scheduled. Counsel for the parties indicated that they  
14 would prefer that a status conference be scheduled after certain matters are discussed with the  
15 Division.

16 On November 17, 2006, by Procedural Order, a status conference was scheduled for  
17 February 6, 2007.

18 On January 19, 2007, the Purvis Respondents filed a Notice of Videotaped Deposition.

19 On January 31, 2007, the Division filed a Motion to Quash the Purvis Respondents' Notice of  
20 Videotaped Deposition.

21 On February 6, 2007, at the status conference, counsel for the Division, Mr. and Mrs. Purvis,  
22 Mr. and Mrs. Keaton and ACI appeared to discuss the status of the proceeding and any pending  
23 motions. Mr. and Mrs. Wolfe have not filed a response to the Notice and the Division indicates that  
24 it will be filing a Default Order as to those Respondents. While the parties had been attempting to  
25 resolve the matter without a hearing, they agreed upon setting a hearing date in mid-May 2007.

26 On February 7, 2007, by Procedural Order, a hearing was scheduled on May 14, 2007.

27 On March 16, 2007, the Division filed a Motion to Continue Hearing ("Motion") which states  
28 one of the Division's witnesses will be unavailable and out of the country during the hearing

1 scheduled to begin on May 14, 2007. The Division further stated in its Motion that the witness would  
2 be on a cruise and would not have ready access to a telephone. There were no objections to the  
3 Division's Motion.

4 On April 3, 2007, by Procedural Order, the hearing was continued to June 11, 2007.

5 On May 16, 2007, the Division filed a Motion to Allow Telephonic Testimony. There were  
6 no objections filed to this Motion.

7 On May 18, 2007, the Purvis Respondents filed a Motion for 90-Day Extension ("Purvis  
8 Motion") which stated that Mr. Purvis had recently been indicted on charges related to this  
9 proceeding and as a result "*has been unable to meet with counsel and effectively communicate with*  
10 *him with respect to the preparation of the defense.*" The Purvis Motion alluded to a possible conflict  
11 issue with respect to the Commission's counsel if called as a witness in the criminal proceeding and  
12 also argued that the Commission's recently granting a continuance to the Division entitled the Purvis  
13 Respondents to similar treatment as a matter of equity.

14 On May 22, 2007, the Division filed its Response to the Purvis Motion pointing out that the  
15 criminal charges against Mr. Purvis do not relate to any of the securities violations alleged by the  
16 Division in this proceeding. The Division further related that the 90-day continuance sought by the  
17 Purvis Motion could ultimately cause an additional problem if a speedy trial was requested in the  
18 criminal case and possibly result in delaying an order of restitution in the Commission's  
19 administrative proceeding. Concluding its arguments, the Division argued that the Purvis Motion  
20 amounted to a delaying tactic.

21 On May 30, 2007, by Procedural Order, the proceeding was continued to July 30, 2007, due to  
22 the Commission, on May 25, 2007, scheduling an Open Meeting to commence on June 13, 2007, to  
23 run through June 15, 2007, to act on the Recommended Opinion and Order in the pending Arizona  
24 Public Service Company rate proceeding. This resulted in a scheduling conflict for the Commission  
25 in the event that members of the Commission wished to participate in this proceeding.

26 On June 11, 2007, the Division filed a Request for a Scheduling Conference ("Request") due  
27 to scheduling conflicts of many prospective witnesses in the proceeding scheduled to commence on  
28 July 30, 2007.

1 On June 18, 2007, a scheduling teleconference was held with counsel for the Division, Mr.  
2 and Mrs. Purvis, Mr. and Mrs. Keaton and ACI in attendance. The respective counsel agreed that the  
3 proceeding commence on September 4, 2007.

4 On June 19, 2007, by Procedural Order, the hearing was rescheduled to commence on  
5 September 4, 2007. The parties were further ordered to reserve September 5, 6, 7, 10, 11, 12,  
6 November 13, 14, 15 and December 3, 4, 5, and 6, 2007 for additional days of hearing, if necessary.

7 On July 18, 2007, the Commission issued Decision Nos. 69701 and 69702 approving Consent  
8 Orders for ACI Holdings, Inc. and the Keaton Respondents, respectively.

9 On July 24, 2007, by Procedural Order, the Division's Motion to Allow Telephonic  
10 Testimony was granted.

11 On July 25, 2007, the Division filed a request for a telephonic scheduling conference.

12 On August 2, 2007, a telephonic scheduling conference was held by the presiding  
13 Administrative Law Judge with counsel for the Division and counsel for the Purvis Respondents.  
14 They agreed to amend the hearing schedule to add October 1, 2 and 3, 2007 for additional hearing  
15 dates and to delete the dates of December 3, 4, 5 and 6, 2007.

16 On August 6, 2007, by Procedural Order, the scheduled dates of hearing were amended as  
17 agreed between the parties.

18 On August 16, 2007, the Purvis Respondents filed a "Request for Scheduling Conference and  
19 Motion for Rescheduling Certain Days of Hearing" ("Request/Motion") which took issue with delays  
20 encountered in securing documents pursuant to subpoena, certain other discovery issues and a  
21 personal scheduling conflict which had arisen for Respondents' counsel. As a result, a teleconference  
22 was scheduled on August 21, 2007.

23 On August 21, 2007, shortly before the teleconference, a fax was received from Respondents'  
24 counsel which consisted of a copy of a letter from the Utah Army National Guard ("National Guard")  
25 directing Mr. Purvis, an officer in the National Guard, to appear on September 8 and 9, 2007 for an  
26 "Annual Muster Assembly" in Riverton, Utah. Subsequently, during the teleconference, it was  
27 indicated that the issues raised in the Request/Motion had mostly been resolved except the new issue  
28 with the National Guard commitment for Mr. Purvis and counsel's personal conflict. The proceeding

1 was recessed to allow the Division to investigate the possible conflict with Mr. Purvis' National  
2 Guard obligation and was scheduled to resume on August 22, 2007.

3 On August 22, 2007, shortly before the teleconference was to resume, the Division's counsel  
4 forwarded an E-mail from the commander of Mr. Purvis' National Guard unit which appeared to  
5 indicate that his commanding officer had excused him from his September 8 and 9, 2007 obligation  
6 and rescheduled him to appear on October 13 and 14, 2007, which would not conflict with the  
7 pending proceeding before the Commission. After arguing the issues, the proceeding was adjourned.

8 On August 23, 2007, Respondents' Request/Motion failed to establish good cause for a  
9 further continuance of this proceeding and the matter was to proceed as previously scheduled in the  
10 Commission's Eighth Procedural Order which ordered the hearing to commence on September 4,  
11 2007.

12 On August 27, 2007, the Purvis Respondents filed a Motion to Continue Hearing for 30 Days.  
13 The Purvis Respondents argued they are encountering ongoing delays in securing certain documents  
14 needed to defend themselves against the allegations raised in the Notice.

15 On August 28, 2007, the presiding Administrative Law Judge's office contacted counsel for  
16 the Division and the Purvis Respondents to arrange a teleconference on the Purvis Respondents'  
17 Motion for August 29, 2007.

18 On August 29, 2007, prior to the teleconference, the Division emailed a response to counsel  
19 for the Purvis Respondents and the presiding Administrative Law Judge. Subsequently, a  
20 teleconference took place between counsel for the Division and the Purvis Respondents with the  
21 presiding Administrative Law Judge during which time the parties argued their positions concerning  
22 the requested continuance. Subsequently, by Procedural Order, in order to ensure that the  
23 Respondents were afforded due process, a brief continuance of 30 days was granted and additional  
24 dates of hearing were scheduled. Further, a scheduling teleconference was scheduled on September  
25 4, 2007.

26 On September 4, 2007, the Division and the Purvis Respondents through counsel participated  
27 in a scheduling teleconference with the presiding Administrative Law Judge. The parties stipulated  
28 that the dates of the hearing presently scheduled on October 1, 2, and 3, 2007 should be vacated.

1 They further stipulated to the hearing commencing on November 13, 2007, and that the following  
2 dates also be reserved for dates of hearing: November 14, 15, 26, 27, 28 (afternoon only), 29,  
3 December 3, 4, 5, and 6, 2007; and January 22, 23, 28, 29, 30 and 31, 2008.

4 On September 5, 2007, by Procedural Order, the hearing dates of October 1, 2 and 3, 2007  
5 were vacated, and the hearing was scheduled to commence on November 13, 2007.

6 On October 5, 2007, the Purvis Respondents filed a Motion to Compel Production of  
7 Keating's ACI/CIS Documents Pursuant to Subpoena and Unredacted Documents from Securities  
8 Division ("Motion to Compel") with respect to documents which they had subpoenaed on or about  
9 September 5, 2007, from the Keaton Respondents and ACI.

10 On October 11, 2007, ACI and the Keaton Respondents whose consent Agreements were  
11 previously approved by the Commission in Decision Nos. 69701 and 69702, respectively, filed their  
12 Response to the Purvis' Motion to Compel stating that the information contained in the subpoenaed  
13 records are not at issue in the Division's allegations concerning the Purvis Respondents and that they  
14 are confidential and not relevant.

15 On October 12, 2007, the Division filed its Response to the Purvis' Motion to Compel. In a  
16 dispositive Response the Division states that it voluntarily gave access to redacted copies of the  
17 Keaton entities' documents and could, therefore, not be compelled to provide any documents "...let  
18 alone un-redacted copies of documents," and there is no legal reason to do so. Additionally, as  
19 pointed out by the Division, the Purvis Respondents neither attempted to review the documents nor  
20 have them copied. The Division further represents that it does not intend to use the financial records  
21 of the Keatons or ACI that are being sought by the Purvis Respondents in the proceeding. The Purvis  
22 Respondents have failed to establish reasonable need for the records pursuant to the Administrative  
23 Procedures Act, and in the event the documents are subsequently at issue in the proceeding, their use  
24 can be addressed at that time.

25 Accordingly, the Purvis' Motion to Compel should be denied.

26 ...

27 ...

28 ...

1 IT IS THEREFORE ORDERED THAT THE Motion to Compel filed by the Purvis  
2 Respondents on October 5, 2007, is hereby denied.

3 Dated this 16<sup>th</sup> day of October, 2007.

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6   
7 MARC E. STERN  
ADMINISTRATIVE LAW JUDGE

8 Copies of the foregoing mailed/delivered  
9 this 16<sup>th</sup> day of October, 2007 to:

10 John Maston O'Neal  
11 Zachary Cain  
12 QUARLES & BRADY, LLP  
13 Renaissance One  
14 Two North Central Avenue  
15 Phoenix, Arizona 85004-2391  
16 Attorneys for Edward A. Purvis and Maureen H. Purvis

14 Ashley Adams  
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18 Attorney for James W. Keaton, Jr.,  
19 Jennifer Keaton and ACI Holdings, Inc.

17 Matt Neubert, Director  
18 Securities Division  
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20 1200 West Washington Street  
21 Phoenix, AZ 85007

22 By:

23   
24 Debra Broyles  
25 Secretary to Marc E. Stern  
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27  
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