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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

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

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 25th Avenue
Phoenix, Arizona 85023

Respondents.

Arizona Corporation Commission
DOCKETED

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FOURTEENTH
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 stated 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 was 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 had them copied. The Division further represented that it did not intend to use the financial records
21 of the Keatons or ACI that were being sought by the Purvis Respondents in the proceeding. The
22 Purvis Respondents failed to establish reasonable need for the records pursuant to the Administrative
23 Procedures Act, and in the event the documents were subsequently at issue in the proceeding, their
24 use could be addressed at that time.

25 On October 16, 2007, by Procedural Order, the Purvis' Motion to Compel was denied.

26 On November 6, 2007, by Procedural Order, the location of the hearing was changed due to
27 exigent circumstances.

28

1 Due to a scheduling conflict, the previously scheduled hearing date of November 27, 2007
2 must be vacated. The Commission's regularly scheduled Open Meeting will occur on that date.

3 Accordingly, the hearing date of November 27, 2007, should be vacated.

4 IT IS THEREFORE ORDERED that the hearing date of November 27, 2007, is hereby
5 vacated.

6 IT IS FURTHER ORDERED that the remaining dates of hearing shall remain unchanged.

7 Dated this 19th day of November, 2007.

8
9
10 
11 MARC E. STERN
ADMINISTRATIVE LAW JUDGE

12 Copies of the foregoing mailed/delivered
13 this 19th day of November, 2007 to:

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

21 Matt Neubert, Director
22 Securities Division
23 ARIZONA CORPORATION COMMISSION
24 1200 West Washington Street
25 Phoenix, AZ 85007

26
27
28 By: 
Debra Broyles
Secretary to Marc E. Stern