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AZ CORP COMMISSION
DOCKET CONTROL

February 5, 2008

This response is to secure an opportunity for a Notice of Opportunity for Hearing to Docket Control pursuant to A.R.S 44-1972 and A.A.C R14-4-305 and A.A.C R14-4-303. My answer to each allegation is listed below with attachments.

III. FACTS

11. Not true. We borrowed money on a personal basis.
12. Not true. The ages of our friends is incorrect at the time of us borrowing the money. The dollar amount borrowed is also incorrect by roughly $50,000.
13. We did not tell our friends to refinance in order to obtain funds. This is where our discussions of the loans did come about.
15. We never solicited business. The money borrowed from Dorothy Resler, Bernice Apodaca, and Phil & Trudy Daley was used to start-up business and maintain our current expenses while trying to build a corporation.
17. "In most instances" is broad and inaccurate for the description of fees charged.
18. Not true.
19. Not true.
20. High Returns were not promised.
21. "…in most instances" is broad and vague. Our ability to manage our "lenders" monthly payments was advice at best.
22.No "Promissory Notes" were ever generated. The money that we borrowed was lent to us personally.
25. Incorrect date as of "last payments made." There have been payments made exceeding $12,000 since then.
28. Not true. Need further explanation.

IV. VIOLATIONS OF A.R.S 44-1841

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29. Securities were never sold.
30. Securities were never sold.

V. VIOLATIONS OF A.R.S 44-1842

32. Securities were never sold.

VI. VIOLATIONS OF A.R.S. 44-1991

34. Completely False. Not true on 34a , 34b , 34c , and 34d.

Rick Kelly

About.com: US Economy

"Securities"

From Kimberly Amadeo,
Your Guide to US Economy.

Definition: Securities are any form of ownership that can be easily traded on a secondary market, such as stocks and bonds. It also includes their derivatives, such as futures contracts, options, or mutual funds.

Securities are traded on a secondary market. This includes the stock market, bond market, and U.S. Treasuries market. Traders must be licensed to buy and sell securities to assure they are trained to follow the laws set by the Securities and Exchange Commission (SEC).

Securities traders are always trying to find ways to make a higher return with less risk. Therefore, innovative derivatives of basic stocks and bonds are often developed. These include futures contracts, and call and put options. Even mortgages have been packaged to sell on the secondary market - these are known as mortgage-backed securities.

Securities help the economy by making it easier for those with money to find those who need investment capital. By making trading easy and available to many investors, securities make markets more efficient. It is easy for investors to see which companies are doing well, and which ones are not. Money can swiftly go to those companies that are growing, thus rewarding performance and providing an incentive for further growth.

Also Known As: stocks, bonds, futures contracts, options

About.com : US Economy

Q. What Are Stocks?

From Kimberly Amadeo,
Your Guide to US Economy.

A. Stocks are a share of the ownership of a company. Initially, they are sold by the original owners of a company to gain additional funds to help the company grow. The owners basically sell control of the company to the stockholders. After the initial sale, the shares can be sold and resold on the stock market.

If the company does well, or even if everyone thinks the company is going to do well, the price of the stock goes up. This is how stockholders make a return on their investment. Conversely, if the company does poorly, then the shares decrease in value, and the stockholders lose their investment.

In addition, many companies give a little dividend payment each year to the stockholders, providing extra income.

Stocks and Stock Investing FAQ

FAQ Index

Q. What Are Bonds?

From Kimberly Amadeo,
Your Guide to US Economy.

A. Bonds are another word for loans taken out by large organizations, such as corporations, cities, and the U.S. Government. Since these entities are so large, they need to borrow the money from more than one person or bank.

Therefore, bonds are a piece of a really big loan. The borrowing organization promises to pay the bond back, and pays interest during the term of the bond. Since large organizations don't like to actually say they are borrowing money, they say they are selling bonds...presumably because it sounds better.

Like loans, bonds return interest payments to the bond holder. In the old days, when people actually held paper bonds, they would redeem the interest payments by clipping coupons. Today, most bonds are held by the financial planning institution, and interest is automatically accrued for the life of the bond.

Bonds are usually resold before they mature, or reach the end of the loan period.
This is how bonds rise and fall in value. Since bonds return a fixed interest payment, they tend to look more attractive when the economy and stocks market decline. When the stock market is doing well, investors are less interested in purchasing bonds, and their value drops.

Like stocks, bonds can be packaged into a bond mutual fund. This is a good way for an individual investor to let an experienced mutual fund manager pick the best selection of corporate bonds. A bond fund can also reduce risk through diversification. This way, if one corporation defaults on its bonds, then only a small part of the investment is lost.

Bonds FAQ

- What Are Bonds?
- What Types of Bonds Are There?
- How Do Bonds Interact With the Stock Market?
- How Do Bonds Interact With the U.S. Economy?
- How Do Bonds Affect Mortgage Interest Rates?

FAQ Index

Q. What Are Commodities Futures?

From Kimberly Amadeo,
Your Guide to US Economy.

A. Commodities futures, or futures contracts, are an agreement to buy or sell a commodity at a specific date in the future at a specific price. Just like the price of bananas at the grocery store, the prices of commodities can change on a weekly or even daily basis. If the price goes up, the buyer of the futures contract makes money, because he gets the product at the lower, agreed-upon price and can now sell it at the higher, market price. If the price goes down, the seller makes money, because he can buy the commodity at the lower market price, and sell it to the buyer at the higher, agreed-upon price.

Of course, if commodities traders had to actually deliver the product, very few people would do it. Instead, they can fulfill the contract by delivering proof that the product is at the warehouse, by paying the cash difference, or by providing another contract at the market price.
As you can easily see, it can get very complicated very fast, and they use a lot of strange terms, so I won't try to explain more. The Commodities Futures Trading Commission does a much better job, if you really want to get into the details.

The important things to know are:

- Commodities futures, since they are traded on an open market, do a great job of accurately assessing the price of each commodity.
- Since they are futures contracts, they also forecast the value of the commodity into the future.
- The values are set by commodities traders and analysts, who spend all day every day researching their particular commodity. This means they are very good at it, so you can totally trust their estimation. Of course, their forecasts are based on today's information, so if North Korea suddenly tests a nuclear weapon, the commodities prices will change dramatically.
- The best way to either invest in or monitor commodities futures is through a commodities index or commodities fund. These can give you a single number that takes into account the broad spectrum of commodities futures that are occurring at any given time, such as the GSCI.
- The most commonly reviewed commodities are oil and gold. Many other agricultural products such as pork bellies and wheat are traded, but the individual investor doesn't really need to be concerned with them.

Commodities FAQ

- What Are Commodities?
- What Are Commodities Futures?
- How Does Commodities Trading Affect the Economy?
- How Are Oil Prices Determined?

FAQ Index

"Options"

From Kimberly Amadeo,
Your Guide to US Economy.

Definition: A derivative that gives the owner the right to buy or sell stock at an agreed upon price within a certain period of time. The right to buy is called a Call Option, and the right to sell is called a Put Option.

Also Known As: stock options, futures options, call option, put option, call, put

Examples: Hedge funds use options to buy and sell stock or commodities without ever actually owning any.

Q. What Are Mutual Funds?

From Kimberly Amadeo,
Your Guide to US Economy.

A. Mutual funds are compilations of individual stocks that are developed by mutual fund companies such as Fidelity, Vanguard and American. These mutual funds can be any combination of any type of stock and/or bond. The stock and bond mix in a mutual fund is developed by the mutual fund manager to meet a particular invesment goal. Some mutual funds follow industries, while others might be country-specific. They tend to be less risky than buying individual stocks because they are a diversified investment.

Mutual Funds FAQ

- What Are Mutual Funds?
- Should You Invest in Mutual Funds or Stocks?
- How Can You Pick Good Mutual Funds?
- How Do Mutual Funds Interact With the US Economy?

FAQ Index