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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission

DOCKETED

MAR 10 2008

DOCKETED BY  
NR

In the matter of:

THE 12 PERCENT FUND I, L.L.C. (a/k/a  
"THE 12% FUND," "12% FUND I" and  
"FUND"), an Arizona limited liability  
company,  
13714 Nightstar Court  
Marana, Arizona 85653-4455;

COYOTE GROWTH MANAGEMENT,  
L.L.C., an Arizona limited liability  
company,  
13714 Nightstar Court  
Marana, Arizona 85653-4455;

MICHAEL JOSEPH HANNAN (a/k/a  
"MICHAEL HANNAN," "MIKE  
HANNAN" and "MICHAEL J. HANNAN,  
II") and JANICE C. HANNAN,  
former husband and wife,  
13714 Nightstar Court  
Marana, Arizona 85653-4455; and

SAM AHDOOT and JANE DOE  
AHDOOT, husband and wife,  
5625 Crescent Park West, Apt. 130,  
Playa Vista, California 90094-2083,

Respondents.

DOCKET NO. S-20472A-06-0535

DECISION NO. 70189

**ORDER TO CEASE AND DESIST;  
ORDER OF RESTITUTION;  
ORDER FOR ADMINISTRATIVE  
PENALTIES;  
ORDER OF OTHER AFFIRMATIVE  
ACTION; AND CONSENT TO SAME**

**BY: MICHAEL JOSEPH HANNAN and  
JANICE C. HANNAN, former husband and  
wife.**

Respondents MICHAEL JOSEPH HANNAN (a/k/a "MICHAEL HANNAN," "MIKE  
HANNAN" and "MICHAEL J. HANNAN, II") and JANICE C. HANNAN, former husband and  
wife at all times relevant, elect to permanently waive any right to a hearing and appeal under

1 Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* (“Securities Act”)  
2 with respect to this Order To Cease And Desist, Order of Restitution and Order of Administrative  
3 Penalties (“Order”). Respondents admit the jurisdiction of the Arizona Corporation Commission  
4 (“Commission”); neither admit nor deny the Findings of Fact and Conclusions of Law contained in  
5 this Order; and consent to the entry of this Order by the Commission.

6 **I.**

7 **FINDINGS OF FACT**

8 1. 12 PERCENT FUND I, L.L.C. (a/k/a “THE 12% FUND,” “12% FUND I” and  
9 “FUND”) (hereafter, “12% FUND”) is an Arizona limited liability company whose principal place of  
10 business is in Marana, Arizona. Limited liability company membership interests in the 12% FUND  
11 are not registered to be sold within or from Arizona.

12 2. COYOTE GROWTH MANAGEMENT, L.L.C. (hereafter, “COYOTE”) is an  
13 Arizona limited liability company whose principal place of business is in Marana, Arizona.  
14 MICHAEL JOSEPH HANNAN represented that COYOTE was the Investment Adviser and Manager  
15 of the 12% FUND. COYOTE is not licensed as an investment adviser or investment adviser  
16 representative.

17 3. MICHAEL JOSEPH HANNAN (a/k/a “MICHAEL HANNAN,” “MIKE  
18 HANNAN” and “MICHAEL J. HANNAN, II”) (hereafter, “HANNAN”) is an individual residing  
19 in Marana, Arizona. HANNAN was the Manager and principal of COYOTE, and the promoter,  
20 organizer and founder of the 12% FUND. HANNAN is not registered as a securities salesman or  
21 dealer, nor is he licensed as an investment adviser or investment adviser representative.

22 4. The Commission filed an action in the Arizona Superior Court for Maricopa County  
23 entitled *Arizona Corporation Commission v. 12 Percent Fund I, LLC et al*, cause no. CV2007-010539  
24 (“Receivership Action”). On July 6, 2007, Peter Davis was appointed the receiver of the 12% FUND  
25 and COYOTE. The Receivership Action remains pending.

26

1           5.       JANICE C. HANNAN was at all relevant times the spouse of HANNAN. JANICE C.  
2 HANNAN and HANNAN were divorced on or about August 22, 2007. JANICE C. HANNAN is  
3 joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the  
4 marital community. At all relevant times, HANNAN and JANICE C. HANNAN were acting for  
5 their own benefit, and for the benefit or in furtherance of the marital community.

6           6.       JANICE C. HANNAN is referred to as "RESPONDENT SPOUSE" as the context  
7 requires.

8           7.       HANNAN formed the 12% FUND in July 2003. From August 2003, to at least  
9 September 5, 2006, HANNAN publicly offered and sold unregistered securities in the form of  
10 investment contracts within and from Arizona, in part, through the Internet website  
11 www.12percentfund.com (the, "Website").

12           8.       At all times relevant, HANNAN represented that in exchange for a minimum  
13 \$50,000 investment, an investor would own a limited liability company membership interest in the  
14 12% FUND.

15           9.       HANNAN represented that fifty-percent (50%) of the money invested in the 12%  
16 FUND was pooled together to purchase high-yield debt instruments such as first and  
17 second/subordinated deeds of trust secured by land under development.

18           10.      HANNAN further represented that the remaining fifty-percent (50%) of pooled  
19 investor money was used to purchase a liquid stock portfolio concentrated in U.S. and Canadian  
20 companies, and to write put and call options on certain marketable securities.

21           11.      HANNAN used investor money to purchase or hold assets in the name of the 12%  
22 FUND, COYOTE and other affiliated entities formed and controlled by HANNAN including,  
23 without limitation: (a) a Wisconsin limited liability company called Madison Growth Partners,  
24 L.L.C.; (b) a Colorado limited liability company called the 12% Fund of Colorado, L.L.C., a/k/a  
25 "Club Coyote" (c) Pink Coyote, L.L.C.; (d) Coyote Currency and Commodity; and (e) Southwest  
26

1 Ventures, L.L.C. HANNAN caused some of these Related Entities to contract with and/or loan  
2 each other money.

3 12. HANNAN represented from at least December 2003 to July 2006, on the Website  
4 that COYOTE guaranteed a 12% return. However, from at least December 2003 to July 2006,  
5 anticipated profits generated by the 12% FUND were not guaranteed because: (a) profits from the  
6 purchase or sale of stock or options with investor money cannot be guaranteed due to unforeseen  
7 stock market and global economic fluctuations; (b) not all of the real estate investments made by  
8 HANNAN with investor money were personally guaranteed; (c) some of the loans issued by  
9 HANNAN were documented by unsecured promissory notes; (d) the real estate investments made  
10 by HANNAN with investor money were subject to unpredictable litigation results or bankruptcy  
11 proceedings; and (e) HANNAN did not personally guarantee each investor's promised profit.

12 13. HANNAN represented to offerees and investors that they returned an additional 1%  
13 Bonus to investors, for a total of 13% per year, in 2003, 2004, and 2005. HANNAN represented  
14 that his undisclosed, purported predecessor-in-interest commenced investments in 2001, and since  
15 that time, averaged a 16.5% annual rate of gross returns before operating expenses.

16 14. At all times relevant, a potential investor did not have to provide HANNAN with  
17 any personal information, or obtain a password to access, review, download or print any of the  
18 12% FUND offering materials and related investment materials that were available on the 12%  
19 FUND Website.

20 15. The Home Page of the Website also included a video commercial in which  
21 HANNAN described the benefits of investing in the 12% FUND and its past performance.

22 16. The detailed FAQ Page of the Website included questions and answers regarding a  
23 myriad of investment topics including, without limitation: (a) purported past performance and  
24 profit bonuses awarded to investors; (b) HANNAN's purported investment philosophies and  
25 strategies; (c) redemption of investments, and resulting worst case scenarios; and (d) a summary of  
26

1 the liquid stock portfolio in the context of, for instance, stock market performance history and the  
2 international geopolitical situation.

3 17. The Instructions Page of the Website stated, in part, links to offering materials,  
4 including: (a) a Confidential Private Placement Memorandum (the, "PPM") regarding an  
5 investment in the 12% FUND, including both a "Balance Sheet" and "Profit & Loss Statement" for  
6 both the 12% FUND and COYOTE as of December 31, 2004; (b) an Operating Agreement; (c)  
7 subscription documents, including a: (i) confidential offeree questionnaire; (ii) partnership,  
8 corporations, trust subscriber questionnaire; (iii) subscriber signature page; (iv) power of attorney;  
9 (v) signature page for power of attorney; and (vi) representations by employee benefit plans; and  
10 (vii) a redemption letter package (collectively, the "Offering Materials").

11 18. The Instructions Page of the Website directed a potential Arizona investor to (a) fax  
12 or mail the completed Offering Materials to COYOTE at its business address; and (b) either mail a  
13 personal check, cashier's check or money order in the amount of their investment made payable to  
14 the 12% FUND or to wire transfer the investment funds directly into the 12% FUND'S bank  
15 account.

16 19. Finally, the Instructions Page of the Website included a link to two single page,  
17 unsigned "Balance Sheet" spreadsheets purportedly representing the assets, liabilities and equity of  
18 both COYOTE and the 12% FUND for fiscal year 2005. However, the Balance Sheets did not  
19 include an "audit report," certification or any evidence that they were professionally audited  
20 pursuant to generally accepted auditing standards, or in conformity with generally accepted  
21 accounting principles.

22 20. HANNAN's investors are still owed substantial amounts of money.

23 21. HANNAN failed to disclose to offerees and investors that on or about September  
24 29, 1986, HANNAN pled guilty to three counts of securities fraud and three counts of wire fraud in  
25 the in the United States District Court for the Southern District of New York, and was subsequently  
26

1 sentenced to, and served one year and one day in federal prison and five years probation ("Federal  
2 Criminal Case").

3 22. HANNAN failed to disclose to offerees and investors that on or about September  
4 24, 1986, the SEC filed a civil injunction action against HANNAN and his other companies for  
5 violation of the 1933 and 1934 Securities Acts and Investment Advisers Acts ("SEC Civil  
6 Action").

7 23. HANNAN failed to disclose that on or about October 22, 1986, HANNAN and his  
8 companies consented to the entry of a final judgment in the SEC Civil Action. HANNAN neither  
9 admitted nor denied guilt with respect to the allegations in the SEC's civil complaint. Among  
10 other things, the SEC Civil Judgments permanently enjoined HANNAN and his companies from  
11 violating the antifraud provisions of the 1933 and 1934 Securities Acts, from aiding and abetting  
12 violations of the reporting, books and records and accounting control provisions of the 1934  
13 Securities Act, and the anti-fraud and reporting provisions of the Investment Advisers Act.

14 24. HANNAN further failed to disclose to offerees and investors that on or about  
15 December 31, 1991, HANNAN voluntarily filed a "no asset" Chapter 7 personal bankruptcy in the  
16 United States Bankruptcy Court, Northern District of California in an attempt to eliminate  
17 \$5,137,381.91 of his debt ("HANNAN Bankruptcy"). Much of the debt originally sought to be  
18 eliminated by HANNAN was owed to the actual or alleged victims or brokerage firms identified in the  
19 Federal Criminal Case, SEC Administrative Action, and SEC Civil Action. On or about June 12,  
20 1992, HANNAN successfully discharged at least \$2,819,406.38 of his personal debt, including  
21 millions of dollars in business and personal loans and civil judgments, and \$127,996.08 in casino  
22 gambling debts.

23 25. HANNAN sold approximately \$4,345,660 of 12% FUND securities to at least 30  
24 investors, many of whom were not accredited and who reside in many states, including: (1)  
25 Arizona; (2) California; (3) Colorado; (4) New Jersey; (5) New York; (6) Ohio; (7) Washington;  
26 and (8) Wisconsin. Investors could choose to be paid their 1% return in cash on a monthly basis,

1 or reinvest the 1% return in the 12% FUND. A capital account was maintained on the books of the  
2 12% FUND for each investor.

3 26. Presently, HANNAN's investors are owed \$3,787,377.

4 **II.**

5 **CONCLUSIONS OF LAW**

6 1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
7 Arizona Constitution and the Securities Act.

8 2. HANNAN offered or sold securities within or from Arizona, within the meaning of  
9 A.R.S. §§ 44-1801.

10 3. HANNAN violated A.R.S. § 44-1841 by offering or selling securities that were  
11 neither registered nor exempt from registration.

12 4. HANNAN violated A.R.S. § 44-1842 by offering or selling securities while neither  
13 registered as dealer or salesman nor exempt from registration.

14 5. HANNAN violated A.R.S. § 44-1991 by (a) employing a device, scheme, or artifice  
15 to defraud, (b) making untrue statements or misleading omissions of material facts, and (c)  
16 engaging in transactions, practices, or courses of business that operate or would operate as a fraud  
17 or deceit, including, without limitation:

18 A. Misrepresenting to offerees and investors that COYOTE is an investment adviser,  
19 despite the fact that COYOTE is not licensed as an investment adviser or investment  
20 adviser representative.

21 B. Misrepresenting to offerees and investors from at least December 2003, to July 2006,  
22 on the Website that investors are "guaranteed" a return of 12% per year on their  
23 investments in the 12% FUND, despite the fact that an investor's return is not  
24 guaranteed.

- 1 C. Misrepresenting to offerees and investors that the two (2), unsigned one (1) page  
2 Balance Sheets available from the Instructions Page of the Website are professionally  
3 audited, despite the fact that they are not professionally audited.
- 4 D. Failing to disclose to offerees and investors that in 1987, HANNAN pled guilty to  
5 federal wire fraud and federal securities fraud, and that he was sentenced to a year  
6 and a day in federal prison and 5 years of supervised probation thereafter.
- 7 E. Failing to disclose to offerees and investors that HANNAN voluntarily filed a “no  
8 asset” Chapter 7 personal bankruptcy in which he sought and obtained the discharge of  
9 almost \$3 million dollars of debt, including millions of dollars in loans and civil  
10 judgments, and \$127,996.08 in casino gambling debts.
- 11 6. HANNAN’s conduct is grounds for a cease and desist order pursuant to A.R.S.  
12 § 44-2032.
- 13 7. HANNAN’s conduct is grounds for an order of restitution pursuant to A.R.S. § 44-  
14 2032.
- 15 8. HANNAN’s conduct is grounds for administrative penalties under A.R.S. § 44-  
16 2036.

17 **III.**

18 **ORDER**

19 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and HANNAN’s  
20 and JANICE C. HANNAN’s consent to the entry of this order, attached and incorporated by  
21 reference, the Commission finds that the following relief is appropriate, in the public interest, and  
22 necessary for the protection of investors:

23 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that HANNAN, and any of his agents,  
24 employees, successors and assigns, permanently cease and desist from violating the Securities Act,  
25 and the Arizona Investment Management Act, A.R.S. §44-3101 et seq.

26



1 IT IS FURTHER ORDERED that HANNAN and JANICE C. HANNAN comply with the  
2 attached Consent to Entry of Order.

3 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that HANNAN and JANICE  
4 C. HANNAN<sup>1</sup>, shall, jointly and severally, pay restitution to the Commission in the amount of  
5 \$3,787,377. Any amount outstanding shall accrue interest at the rate of 10% per annum from the  
6 date of this Order until paid in full. Payment shall be made to the "State of Arizona" to be placed  
7 in an interest-bearing account controlled by the Commission. The Commission shall disburse the  
8 funds on a pro-rata basis to investors shown on the records of the Commission; provided, however,  
9 no distribution of restitution shall be made to any Related Party<sup>2</sup> until such time as all restitution  
10 and interest has been paid to Non-Related Party investors. Any restitution funds that the  
11 Commission cannot disburse because an investor refuses to accept such payment shall be disbursed  
12 on a pro-rata basis to the remaining investors shown on the records of the Commission. Any funds  
13 that the Commission determines it is unable to or cannot feasibly disburse shall be transferred to  
14 the general fund of the state of Arizona.

15 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that HANNAN and JANICE  
16 C. HANNAN<sup>1</sup>, shall, jointly and severally, pay an administrative penalty in the amount of  
17 \$300,000. Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue  
18 interest at the rate of 10% per annum from the date of this Order until paid in full. The payment  
19 obligations for these administrative penalties shall be subordinate to any restitution obligations  
20 ordered herein and shall become immediately due and payable only after restitution payments have  
21 been paid in full or upon the default of HANNAN or JANICE C. HANNAN with respect to their  
22 restitution obligations.

23  
24 <sup>1</sup>The liability of JANICE C. HANNAN for the repayment of restitution, administrative penalty, and interest under the  
terms of this Order shall be limited to the extent that marital community property was distributed to JANICE C.  
HANNAN prior to or in conjunction with the marital dissolution proceeding with HANNAN.



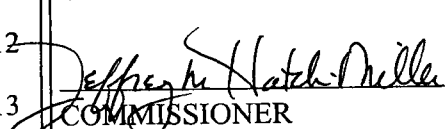

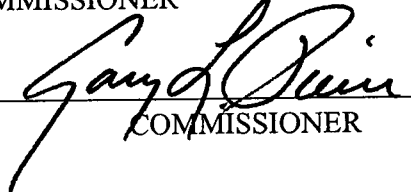
25 <sup>2</sup> For purposes of this Order, "Related Party" shall include HANNAN and JANICE C. HANNAN (collectively,  
26 "Related Individuals"), the family members of the Related Individuals, 12 Fund of Colorado, L.L.C., d/b/a Club  
Coyote, Pink Coyote, L.L.C., Madison Growth Partners, L.L.C. and any other business controlled by or in which either  
the Related Individuals or their family members have an ownership, beneficial, or financial interest.

1 For purposes of this Order, a bankruptcy filing by any of the HANNAN or JANICE C.  
2 HANNAN shall be an act of default. If HANNAN or JANICE C. HANNAN do not comply with  
3 this Order, any outstanding balance may be deemed in default and shall be immediately due and  
4 payable.

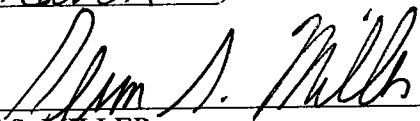
5 IT IS FURTHER ORDERED, that if HANNAN or JANICE C. HANNAN fail to comply  
6 with this order, the Commission may bring further legal proceedings against that Respondent,  
7 including application to the superior court for an order of contempt.

8 IT IS FURTHER ORDERED that this Order shall become effective immediately.

9 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

		
CHAIRMAN	COMMISSIONER	
		
COMMISSIONER	COMMISSIONER	COMMISSIONER

15 IN WITNESS WHEREOF, I, DEAN S. MILLER, Interim  
16 Executive Director of the Arizona Corporation  
17 Commission, have hereunto set my hand and caused the  
18 official seal of the Commission to be affixed at the  
19 Capitol, in the City of Phoenix, this 10<sup>th</sup> day of  
March, 2008.

20   
21 DEAN S. MILLER  
22 Interim Executive Director

23 \_\_\_\_\_  
24 DISSENT

25 \_\_\_\_\_  
26 DISSENT

27 This document is available in alternative formats by contacting Linda Hogan, ADA Coordinator, voice  
28 phone number 602-542-3931, e-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov).  
(MD)

**CONSENT TO ENTRY OF ORDER**

1  
2 1. MICHAEL JOSEPH HANNAN (a/k/a MICHAEL HANNAN, MIKE HANNAN  
3 and MICHAEL J. HANNAN, II) ("RESPONDENT") and JANICE C. HANNAN  
4 ("RESPONDENT SPOUSE"), former husband and wife, admit the jurisdiction of the Commission  
5 over the subject matter of this proceeding, Docket No. S-20472A-06-0535. RESPONDENT and  
6 RESPONDENT SPOUSE acknowledge that they have been fully advised of their right to a hearing  
7 to present evidence and call witnesses and RESPONDENT and RESPONDENT SPOUSE  
8 knowingly and voluntarily waive any and all rights to a hearing before the Commission and all  
9 other rights otherwise available under Article 11 of the Securities Act. RESPONDENT and  
10 RESPONDENT SPOUSE acknowledge that this Order to Cease and Desist, Order of Restitution,  
11 Order for Administrative Penalties, Order for Other Affirmative Relief and Consent to Same  
12 ("Order") constitutes a valid final order of the Commission. RESPONDENT and RESPONDENT  
13 SPOUSE acknowledge and agree that the Order is incorporated herein by reference.

14 2. RESPONDENT and RESPONDENT SPOUSE knowingly and voluntarily waive  
15 any right under Article 12 of the Securities Act to judicial review by any court by way of suit,  
16 appeal, or extraordinary relief resulting from the entry of this Order.

17 3. RESPONDENT and RESPONDENT SPOUSE acknowledge and agree that this  
18 Order is entered into freely and voluntarily and that no promise was made or coercion used to  
19 induce such entry.

20 4. RESPONDENT and RESPONDENT SPOUSE acknowledge and understand that  
21 they have a right to seek counsel regarding this Order, and that they had the opportunity to seek  
22 counsel prior to signing this Order. RESPONDENT and RESPONDENT SPOUSE acknowledge  
23 and agree that, despite the foregoing, RESPONDENT and RESPONDENT SPOUSE freely and  
24 voluntarily waive any and all right to consult or obtain counsel prior to signing this Order, and they  
25 understand all of its terms and conditions.  
26

1           5.       RESPONDENT and RESPONDENT SPOUSE neither admit nor deny the Findings  
2 of Fact and Conclusions of Law contained in this Order. RESPONDENT and RESPONDENT  
3 SPOUSE agree that they shall not contest the validity of the Findings of Fact and Conclusions of  
4 Law contained in this Order in any present or future administrative proceeding before the  
5 Commission or any other state agency concerning the denial or issuance of any license or  
6 registration required by the State to engage in the practice of any business or profession.

7           6.       By consenting to the entry of this Order, the RESPONDENT and RESPONDENT  
8 SPOUSE agree not to take any action or to make, or permit to be made, any public statement  
9 denying, directly or indirectly, any Finding of Fact or Conclusion of Law in this Order or creating  
10 the impression that this Order is without factual or legal basis. RESPONDENT and  
11 RESPONDENT SPOUSE will undertake steps necessary to assure that all of their agents and  
12 employees understand and comply with this agreement.

13           7.       While this Order settles this administrative matter between the RESPONDENT and  
14 RESPONDENT SPOUSE and the Commission, the RESPONDENT and RESPONDENT SPOUSE  
15 understand that this Order does not preclude the Commission from instituting other administrative  
16 or civil proceedings based on violations that are not addressed by this Order.

17           8.       RESPONDENT and RESPONDENT SPOUSE understand that this Order does not  
18 preclude the Commission from referring this matter to any governmental agency or entity for  
19 administrative, civil, or criminal proceedings that may be related to the matters addressed by this  
20 Order.

21           9.       RESPONDENT and RESPONDENT SPOUSE understand that this Order does not  
22 preclude any other agency or officer of the state of Arizona or its subdivisions from instituting  
23 administrative, civil, or criminal proceedings that may be related to any matters addressed by this  
24 Order.

25  
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1           10.   RESPONDENT and RESPONDENT SPOUSE agree that they will not apply to the  
2 state of Arizona for registration as a securities dealer or salesman or for licensure as an investment  
3 adviser or investment adviser representative at any time in the future.

4           11.   RESPONDENT and RESPONDENT SPOUSE agree that they will not exercise any  
5 control over any entity that offers or sells securities within or from Arizona at any time in the  
6 future.

7           12.   RESPONDENT and RESPONDENT SPOUSE agree that they will not sell any  
8 securities in or from Arizona and they will not transact business in Arizona as an investment  
9 adviser or an investment adviser representative.

10          13.   RESPONDENT and RESPONDENT SPOUSE agree that they will continue to  
11 cooperate with the Securities Division including, but not limited to, providing complete and  
12 accurate testimony at any hearing in this matter and cooperating with the state of Arizona in any  
13 related investigation or any other matters arising from the activities described in this Order any  
14 assisting with any related receivership action.

15          14.   RESPONDENT and RESPONDENT SPOUSE acknowledge and agree that the  
16 restitution, administrative penalties and interest imposed by this Order are the joint and several  
17 obligations of HANNAN, and the marital community of HANNAN and RESPONDENT SPOUSE.  
18 The liability of RESPONDENT SPOUSE for the repayment of restitution, administrative penalty,  
19 and interest under the terms of this Order shall be limited to the extent that marital community  
20 property was distributed to JANICE C. HANNAN prior to or in conjunction with the marital  
21 dissolution proceeding with HANNAN.

22          15.   RESPONDENT and RESPONDENT SPOUSE consent to the entry of this Order  
23 and agree to be fully bound by its terms and conditions.

24          16.   RESPONDENT and RESPONDENT SPOUSE acknowledge and understand that if  
25 they fail to comply with the provisions of the Order and this Consent, the Commission may bring  
26

1 further legal proceedings against them, including, without limitation, application to the superior  
2 court for an order of contempt.

3 17. RESPONDENT and RESPONDENT SPOUSE agree that until all restitution and  
4 administrative penalties in this Order are paid in full, the RESPONDENT and RESPONDENT  
5 SPOUSE shall notify the Director of the Securities Division within 30 days of any change in home  
6 address or any change in any of their ability to pay amounts due under this Order.

7 18. RESPONDENT and RESPONDENT SPOUSE understand that default shall  
8 necessarily render them liable to the Commission for its costs of collection and interest at the  
9 maximum legal rate.

10 19. RESPONDENT and RESPONDENT SPOUSE agree and understand that if they fail  
11 to make any payment as required in this Order, any outstanding balance shall be in default and  
12 shall be immediately due and payable without notice or demand. RESPONDENT and  
13 RESPONDENT SPOUSE agree and understand that acceptance of any partial or late payment by  
14 the Commission is not a waiver of default by the Commission.

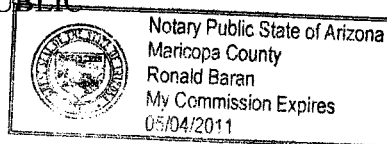
15  
16 Agreed: *Michael J. Hannan*  
17 Michael Joseph Hannan (a/k/a Michael Hannan,  
18 Mike Hannan and Michael J. Hannan, II)

18 STATE OF ARIZONA )  
19 ) ss  
20 County of MARICOPA )

21 SUBSCRIBED AND SWORN TO BEFORE me this 5<sup>th</sup> day of FEBRUARY, 2008  
22 by Michael Joseph Hannan (a/k/a Michael Hannan, Mike Hannan and Michael J. Hannan, II).

23 *Ronald Baran*  
24 NOTARY PUBLIC

25 My commission expires:  
26 05/04/2011

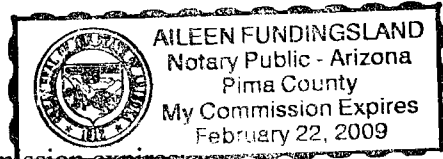


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Agreed: Janice C. Hannan  
Janice C. Hannan, former spouse of  
Michael Joseph Hannan

STATE OF ARIZONA     )  
County of Pima     ) ss

SUBSCRIBED AND SWORN TO BEFORE me this 6th day of February, 2008  
by Janice C. Hannan, former spouse of Michael Joseph Hannan.



Aileen Fundingsland  
NOTARY PUBLIC

My commission expires: 2-22-09

