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1 BEFORE THE ARIZONA CORPORATION CC

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3 IN THE MATTER OF: )

4 SECURE RESOLUTIONS, INC., an )  
Arizona corporation, )

5 ) DOCKET NO.  
S-20677A-09-0256

6 DOUGLAS COTTLE and KYLA COTTLE, )  
husband and wife, )

7 ) PREHEARING CONFERENCE  
----- )

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9 At: Phoenix, Arizona

10 Date: July 23, 2009

11 Filed: **AUG 06 2009**

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**REPORTER'S TRANSCRIPT OF PROCEEDINGS**

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By: TERESE HEISIG  
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1 BE IT REMEMBERED that the above-entitled and  
2 numbered matter came on regularly to be heard before the  
3 Arizona Corporation Commission, in Hearing Room 1 of  
4 said Commission, 1200 West Washington Street, 2nd floor  
5 Commissioners' Conference Room, Phoenix, Arizona, on  
6 July 23, 2009, at 10:32 a.m., before TERESE HEISIG,  
7 Certified Reporter No. 50378 for the State of Arizona.

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10 BEFORE: MARC E. STERN, Administrative Law Judge

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12 APPEARANCES:

13

14 For the Arizona Corporation Commission Securities  
15 Division:

15

16 By: Mr. PHONG "PAUL" HUYNH  
17 Staff Attorney - Securities Division  
1300 West Washington Street, 3rd Floor  
Phoenix, Arizona 85007-2996

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19 For the Respondents:

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20 SECURE RESOLUTIONS, INC.  
By: Mr. Douglas Cottle, Pro Per  
21 By: Ms. Kyla Cottle, Pro Per  
2792 East Santa Rosa Drive  
22 Gilbert, Arizona 85210

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1 ALJ STERN: This proceeding is now open in the  
2 matter of Secure Resolutions, et al., in Docket Number  
3 S-20677A-09-0256. My name is Marc Stern. I will  
4 preside over the proceeding today. It is called for the  
5 purposes of a prehearing conference, and we will take  
6 appearances now.

7 And on behalf of the Securities Division?

8 MR. HUYNH: Paul Huynh, staff attorney for the  
9 Division.

10 ALJ STER: And on behalf of Mr. and Mrs.  
11 Cottle?

12 MS. COTTLE: Sorry, Mr. and Mrs. Cottle or  
13 Secure Resolutions?

14 ALJ STER: Secure Resolutions, is it an Arizona  
15 corporation?

16 MS. COTTLE: No, it is not.

17 ALJ STERN: Whether it is an Arizona  
18 corporation -- an Oregon corporation or an Arizona  
19 corporation, the Supreme Court of Arizona wouldn't  
20 actually permit you to represent the corporation, per  
21 se, because it would violate the court's rules.

22 MS. COTTLE: Rule 31 says that an officer can  
23 represent --

24 ALJ STERN: As an officer for purposes of this  
25 appearance, I will let you do it, but you can't actually

1 appear and represent the corporation in a contested  
2 matter. If you settled the matter with the Securities  
3 Division, I believe you can go ahead and do that, but as  
4 far as representation of the corporate entity, per se,  
5 you can't.

6 What you have to do is have an attorney actually  
7 represent the corporation if the matter goes to hearing  
8 if -- for that matter, if you wanted to be represented.

9 If I understand you correctly, you are  
10 Mr. Cottle?

11 MR. COTTLE: I am Mr. Douglas Cottle.

12 ALJ STERN: And you are Mrs. Cottle?

13 MS. COTTLE: I am Kyla Cottle.

14 ALJ STERN: On behalf of the Division, we have  
15 Mr. Huynh.

16 Mr. Huynh, have you had a chance to discuss this  
17 matter with Mr. and Mrs. Cottle, yet?

18 MR. HUYNH: Judge, we haven't had an  
19 opportunity to have substantive conversations, because  
20 the Division was under the impression that the Cottles  
21 were going to obtain representation, and we were going  
22 to wait until that representation was present to have  
23 the discussions.

24 ALJ STERN: Why don't I, for at least the time  
25 being right now, give you a few minutes to discuss the

1 matter with them. Have you had any time at all to  
2 discuss the issues raised in your complaint here, your  
3 notice of opportunity?

4 MR. HUYNH: We have not had any substantive  
5 talks with them, Judge.

6 ALJ STERN: Why don't we do this. We will take  
7 a brief recess in the matter. I will let you discuss  
8 the matter with them a little bit. I don't know how  
9 familiar they are. They filed some pleadings on behalf  
10 of themselves requesting a hearing, and they also went  
11 so far as filing a form of answer, and with that, I will  
12 let you discuss the matter with them and see where we  
13 are at, to see which way we will go in future  
14 proceedings.

15 You gentlemen, everyone else with the Division  
16 here?

17 MR. HUYNH: No, Judge. We have Investigator  
18 Phillips present and a forensic accountant Shawn  
19 Callahan present and a couple interested parties of  
20 Secure Resolutions, investors and/or former employees.

21 ALJ STERN: Okay. With this, I will take a  
22 recess. You can call down to my office on that phone.  
23 I will give you our extension number. It is 24250.  
24 Just let me know when you want me to come back up rather  
25 than have me pop back up. I will be back, or give me a

1 call when you want.

2 MR. HUYNH: All right.

3 ALJ STERN: Go off the record.

4 (Recess from 10:36 a.m. until 11:14 a.m.)

5 ALJ STERN: We are back on the record.

6 Mr. Huynh, what is the situation?

7 MR. HUYNH: Well, Judge, being that the  
8 parties, the respondents, requested a hearing, I will  
9 let them speak first, and I will interject briefly.

10 ALJ STERN: Okay. Mr. Cottle or Mrs. Cottle?

11 MS. COTTLE: We have come to an agreement that  
12 we would like to schedule a status conference in 45 days  
13 and try to work out some kind of settlement in that time  
14 period.

15 ALJ STERN: Okay. Is that agreeable to you,  
16 Mr. Huynh?

17 MR. HUYNH: That is agreeable to me, Judge.

18 ALJ STERN: All right. I don't know  
19 calendarwise what we can do right now. We have some  
20 matters coming up that would be around sometime in  
21 September. I know there are a lot of pending hearings  
22 around that date, so rather than -- if you want, I can  
23 maybe look for a couple of dates before you leave.  
24 Otherwise, in 45 days or so, I can possibly just  
25 schedule it, and if there is a problem, you can let me

1 know.

2 Mr. Huynh, do you have any problems with any  
3 dates in September?

4 MR. HUYNH: No, Judge. I just want to point  
5 out to the parties that Labor Day is, I believe,  
6 September 7th, so I don't know if you guys have plans or  
7 anything around that timeframe. If you guys want to let  
8 the the Court know, other than that, I'm pretty open in  
9 terms of availability, Your Honor.

10 ALJ STER: Okay. Ms. Cottle? Mr. Cottle?

11 MS. COTTLE: Other than that week, it is  
12 probably okay at this point.

13 MR. COTTLE: Sometime after that week.

14 MS. COTTLE: Probably sometime after that.

15 ALJ STERN: After September 7th, all right. I  
16 was looking at some dates. I was already into October,  
17 but for a status conference, I might be able to find  
18 some time one day.

19 All right. With that, we will recess this  
20 matter, and I will reschedule it approximately 45 days,  
21 or thereabouts, and put out a procedural order. I just  
22 want to check with the Cottles, make sure we have the  
23 right address for you. That is Mesa, Arizona; is that  
24 correct? 1921 South Alma School Road, Number 201?

25 MS. COTTLE: That is not our address.

1 ALJ STERN: No? How about East Santa Rosa  
2 Drive?  
3 MS. COTTLE: That is our address.  
4 ALJ STERN: Okay.  
5 MS. COTTLE: That is our personal address.  
6 ALJ STERN: 2792 East Santa Rosa Drive in  
7 Gilbert?  
8 MS. COTTLE: Right.  
9 ALJ STERN: There was an address we had for  
10 Secure Resolutions in Mesa. Is that address no longer  
11 valid?  
12 MS. COTTLE: That's correct.  
13 ALJ STERN: Do you want Secure Resolutions'  
14 mail to be sent to you at the Gilbert address?  
15 MR. COTTLE: Do you have the P.O. Box?  
16 MS. COTTLE: I have a P.O. Box for Secure  
17 Resolutions.  
18 ALJ STERN: If you want to, I can send it to the  
19 P.O. Box, if you want.  
20 MS. COTTLE: Okay. I can give you that  
21 address.  
22 ALJ STERN: Are you an officer of the  
23 corporation?  
24 MS. COTTLE: I'm a director.  
25 ALJ STERN: You are a director. You need to

1 file a corporation resolution -- a corporate resolution  
2 in order to do any kind of representation for the  
3 corporation under the rule you cited --

4 MS. COTTLE: Okay.

5 ALJ STERN: -- if that is the case.

6 MS. COTTLE: On the order -- sorry, under the  
7 order, it was on the order. It said, subject to that.  
8 So I need to file --

9 MR. COTTLE: There is a resolution. She just  
10 hasn't filed it.

11 ALJ STERN: You have to file the original and  
12 13 copies with the Docket Control under the docket  
13 number authorizing you to do that. Essentially, the  
14 rule requires that you meet certain standards of  
15 representation.

16 MS. COTTLE: I have the rule right in front of  
17 me, so I am aware of that.

18 ALJ STERN: As long as you do, that you are not  
19 receiving special compensation --

20 MS. COTTLE: Correct.

21 ALJ STERN: With that, we will recess this  
22 matter. I will reschedule it in approximately 45 days  
23 for the status conference. If you can come to some sort  
24 of an agreement prior to that time --

25 MR. HUYNH: Judge, if I could just briefly. On

1 that point of the corporation --

2 ALJ STERN: Yes, sir.

3 MR. HUYNH: -- if there is any filings on the  
4 corporation in the future, could we have specified who  
5 it is that is filing on behalf of the corporation, and  
6 it would clarify the prior filings?

7 ALJ STERN: Well, I notice there is something  
8 here in one of your filings. I think this is the one.  
9 I'm not sure if it is the answer for Secure Resolutions,  
10 or if it is an answer for them all individually. I see  
11 that -- I don't know who is signing this document. It  
12 says Secure Resolutions, Inc., and it is dated the 7th  
13 day of June, 2009.

14 MS. COTTLE: That is my signature.

15 ALJ STERN: Would you, please, in the future  
16 put your name? Are you an officer of the corporation,  
17 also?

18 MS. COTTLE: I was.

19 ALJ STERN: You were?

20 MS. COTTLE: M'hum.

21 ALJ STERN: Okay. I don't recall specifically  
22 if a director can sign corporate materials. It may have  
23 to be an officer. Is this an inactive Oregon  
24 corporation?

25 MS. COTTLE: It is an Oregon corporation.

1 ALJ STERN: It is active?

2 MR. COTTLE: It is an active Oregon  
3 corporation.

4 MS. COTTLE: It is an active Oregon  
5 corporation.

6 ALJ STER: It is authorized to do business in  
7 Arizona?

8 MS. COTTLE: Correct.

9 ALJ STERN: Then, just specify when you make  
10 your filings in the future and do file a corporate  
11 resolution.

12 MS. COTTLE: Okay.

13 ALJ STERN: Secure Resolutions has a Post  
14 Office Box?

15 MS. COTTLE: Yes. I believe it is actually on  
16 that document that you are looking at right there, the  
17 address.

18 ALJ STERN: Let me see. I see it says Bradley  
19 Gardner, legal counsel for Secure Resolutions.

20 MS. COTTLE: He was legal counsel.

21 ALJ STERN: But he isn't any longer?

22 MS. COTTLE: No, he is not.

23 ALJ STERN: Where would the Post Office Box be?  
24 Is that --

25 MS. COTTLE: I believe --

1 ALJ STERN: -- P.O. Box 13475?

2 MS. COTTLE: Correct.

3 ALJ STERN: That is Mesa, 85216?

4 MS. COTTLE: Correct.

5 ALJ STERN: So all mail will go to you  
6 individually at your residence, and we will send the  
7 corporate mail to the Post Office Box.

8 Is there anything else, Mr. Huynh?

9 MR. HUYNH: No, Judge.

10 ALJ STERN: Okay. If you arrive at some sort  
11 of a settlement or resolution in the form of a consent  
12 order prior to the status conference, let me know and  
13 file a motion to vacate that, pending commission  
14 approval, so we can handle it that way.

15 With that, this matter is then adjourned. Thank  
16 you.

17 MR. HUYNH: Thank you.

18 (The proceedings concluded at 11:21 a.m.)

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1 STATE OF ARIZONA )  
 )  
 2 COUNTY OF MARICOPA) ss.

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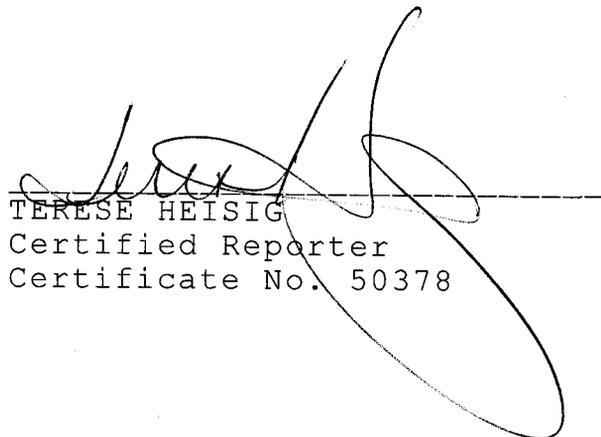
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I, TERESE HEISIG, Certified Reporter No. 50378  
 for the State of Arizona, do hereby certify that the  
 foregoing printed pages constitute a full, true and  
 accurate transcript of the proceedings had in the  
 foregoing matter, all done to the best of my skill and  
 ability.

WITNESS my hand this 4th day of August, 2009.



TERESE HEISIG  
 Certified Reporter  
 Certificate No. 50378