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1 BEFORE THE ARIZONA CORPORATI

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3 IN THE MATTER OF:)

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

DOCKET NO.
S-20677A-09-0256

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

STATUS
CONFERENCE

7 _____)

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9 At: Phoenix, Arizona

10 Date: September 24, 2009

11 Filed: October 8, 2009

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REPORTER'S TRANSCRIPT OF PROCEEDINGS

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Admission

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By: Kate E. Baumgarth, RPR

Certified Reporter

Certificate No. 50582

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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 100, of
4 said Commission, 1200 West Washington Street, Phoenix,
5 Arizona, commencing at 9:30 a.m., on the 24th day, of
6 September, 2009.

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9 BEFORE: MARC E. STERN, Administrative Law Judge

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11 APPEARANCES:

12

13 For the Respondents Douglas and Kyla Cottle:

14 MICHELL & ASSOCIATES
15 By: Julie M. Beauregard, Attorney at Law
16 Viad Corporate Center, Suite 1715
17 1850 North Central Avenue
18 Phoenix, Arizona 85004

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18 For Arizona Corporation Commission Securities Division:

19 Mr. Phong Huynh
20 Staff Attorney, Securities Division
21 1300 West Washington Street
22 Phoenix, Arizona 85007

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23 KATE E. BAUMGARTH, RPR
24 Certified Reporter
25 Certificate No. 50582

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1 ALJ STERN: We are on the record in the matter of
2 Secure Resolutions and Douglas Cottle in Docket
3 No. S-20677A-09-0256.

4 My name is Marc Stern, and I will preside over
5 the proceeding today.

6 At this time we will take appearance.

7 And on behalf of the Securities Division?

8 MR. HUYNH: Phong Paul Huynh for the Securities
9 Division, Judge.

10 ALJ STERN: And on behalf of the respondents?

11 MS. BEAUREGARD: Good morning, Judge Stern. This
12 is Julie Beauregard on behalf of Douglas Cottle and
13 Kyla Cottle.

14 ALJ STERN: Okay. You just joined into this
15 situation.

16 Have you had a chance to discuss this at all with
17 Mr. Huynh yet?

18 MS. BEAUREGARD: Your Honor, no, we have not. We
19 actually have a meeting scheduled for tomorrow.

20 ALJ STERN: Okay. Well, we probably should put
21 this off until tomorrow.

22 In any event, do you need some time to talk today
23 or do you want me to schedule something out in about
24 30 days or 45 days and see what the status of this is?
25 Then if you can resolve it, let me know and we can cancel

1 it. If you can't --

2 MS. BEAUREGARD: I'm comfortable with that,
3 Judge Stern.

4 MR. HUYNH: The only concern that the Division
5 has, Judge, is that due to the time frames -- without
6 rehashing it, back in July the Cottles requested an
7 additional 45 days to seek counsel. Back in June -- on
8 July 23rd when we had the prehearing conference they
9 appeared without counsel, discussed settlement again, and
10 again counsel was barely obtained.

11 With that in mind, I guess the question and
12 concern I had was whether or not it would be efficient to
13 just schedule a hearing date knowing that the time frame
14 that the Division saw, depending on what the court's
15 calendar saw, if we were looking at the February hearing
16 schedule, we could have a hearing date and still have the
17 status conference, require the demand and then vacate if
18 needed, if something does get resolved.

19 ALJ STERN: That will work. I was just trying to
20 save paperwork.

21 What time is your meeting tomorrow?

22 MS. BEAUREGARD: It's set at 10:00 a.m. right
23 now.

24 ALJ STERN: Why don't -- if you all -- this is a
25 fairly short proceeding today. I don't know what your

1 schedule is, and I don't know whether your clients are
2 going to attend tomorrow or how your deal is.

3 What you are proposing, Mr. Huynh, isn't bad.
4 I'm trying to save a little bit of paperwork and time and
5 trouble.

6 If it looks like there is a resolvable solution
7 to this, rather than scheduling things, especially with
8 the situation being in flux with the State budget still
9 not being resolved and not knowing who is going to be
10 where in several months, I just think it would be easier
11 to wait until you either discuss this a little bit more
12 today.

13 Did you ever give any type of a consent -- a form
14 of consent order or present one to them at all?

15 MR. HUYNH: My recollection is that we submitted
16 a certain form that we needed prior to submitting our
17 final proposed consent, and we never received that form
18 back from the Cottles. So, no, we did not provide a --
19 our proposed terms at this point in time.

20 ALJ STERN: Have you seen what he is talking
21 about?

22 MS. BEAUREGARD: I have not, Your Honor.

23 ALJ STERN: Okay. Even aware of it?

24 MS. BEAUREGARD: No, I'm not aware of it.

25 ALJ STERN: Okay. Why don't we do this. More

1 likely than not I can schedule something tentatively and
2 give you an idea where the dates are. But after you meet
3 tomorrow you can call me together from your office,
4 Mr. Huynh. I assume -- or is your meeting -- wherever you
5 are at.

6 MR. HUYNH: I think, Judge, the Division is fine
7 with setting a status conference in 30 days because the
8 reality, I don't think counsel will be able to resolve
9 this matter with us tomorrow because they will still have
10 to meet with their clients and discuss any potential terms
11 and/or generalities with their clients.

12 So we could do, say, a 30-day status conference
13 and at that point in time --

14 ALJ STERN: Let me ask you this: How many -- I
15 think this is one of the cases where we have some
16 investors; is that correct?

17 MR. HUYNH: Yes. Judge, we do have quite a few
18 in this matter. And to give you a general idea, the
19 Division was probably going to seek about five days for
20 its case because we anticipate eight to ten witnesses.

21 ALJ STERN: Okay. And they raised quite a bit of
22 money totaling, if I recall -- is this the one where there
23 is \$5 million involved?

24 MR. HUYNH: If I recall, Judge, for purposes of
25 our case it's just under \$3 million.

1 ALJ STERN: Okay. And you're talking how many
2 witnesses?

3 MR. HUYNH: Eight to ten for the Division.

4 ALJ STERN: How many investors?

5 MR. HUYNH: Overall we have over 100 investors in
6 this case, but we have, I believe, five to six different
7 security offerings in this matter, approximately one
8 offering for investment, more than likely an investigator,
9 our accountant, and two material witnesses.

10 ALJ STERN: Okay. Let's schedule this -- let me
11 go see what I can find for a status conference because as
12 we get towards the end of the year the hearing rooms get
13 quite congested. So we will see what is open. I think
14 what I will do is schedule this for a status conference.
15 If you haven't been able to work it out, then we will
16 schedule it for a hearing.

17 MR. HUYNH: All right.

18 ALJ STERN: Let's go off the record for a few
19 minutes and I will see what is available for you.

20 Are you pretty much available in -- I guess we
21 would be talking about the beginning of November?

22 MR. HUYNH: Beginning of November I would be,
23 Judge. It's the middle of November and beginning of
24 December I will have days out.

25 ALJ STERN: How about you, Ms. Beauregard?

1 MS. BEAUREGARD: We would be available.

2 ALJ STERN: Okay.

3 (Whereupon, a recess was taken from 9:41 a.m.
4 until 9:55 a.m.)

5 ALJ STERN: Let's go on the record.

6 We have had a discussion between the parties, and
7 it looks like November 19th at 10:00 in the morning would
8 be able to be used as a status conference if the matter
9 isn't resolved prior to that date.

10 And I'm going to schedule the hearing and the
11 exchange of witnesses and exhibit lists also. I think
12 ultimately it will facilitate things. I set aside
13 February 8th through the 12th for a hearing in this
14 proceeding. That might -- if there is for some reason
15 something happening on Monday -- I think it's President's
16 day. It might be on the 8th, but I think the following
17 Monday -- do you have a regular calendar?

18 MS. BEAUREGARD: It's the 22nd -- I'm sorry, the
19 15th. You are correct, the 15th is President's day.

20 ALJ STERN: The 15th is President's day. If that
21 is the last day of the hearing, I might kick it into
22 another week. I will take a look and see what is going
23 on.

24 MR. HUYNH: And the only other -- the State was
25 asking for five days. I don't know if counsel wanted any

1 additional.

2 ALJ STERN: Well, I am sure they will want
3 something.

4 MS. BEAUREGARD: Judge Stern, I don't know if we
5 are at a point that we could estimate how long we would
6 need.

7 ALJ STERN: Okay. I will kick out a few days the
8 following week. I'm not sure. I didn't have the open
9 meeting schedule for the commissioners for the utilities,
10 so if it's the following week -- if we need to -- if the
11 Division needs -- if they are estimating five days, I can
12 throw several days in for the respondents. I may schedule
13 things over a course of two weeks. That is out pretty
14 far, and if there is a problem, we will work it out.
15 Okay? In the meantime maybe we can resolve things.

16 Anything else?

17 MR. HUYNH: Nothing for the State, Judge.

18 MS. BEAUREGARD: Nothing for respondents.

19 ALJ STERN: Okay. Thank you. That concludes
20 today's status conference.

21 (The proceeding concluded at 9:57 a.m.)

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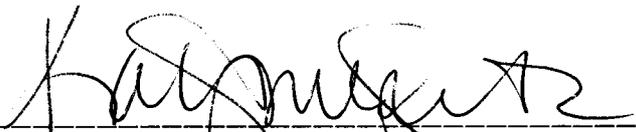
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1 STATE OF ARIZONA)
) ss.
 2 COUNTY OF MARICOPA)

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I, KATE E. BAUMGARTH, RPR, Certified Reporter
 No. 50582, for the State of Arizona, do hereby certify
 that the foregoing printed pages constitute a full, 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 1st day of October, 2009.



 Kate E. Baumgarth, RPR
 Certified Reporter, No. 50582