

NEW APPLICATION



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ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

2009 NOV 15 P 1:04

DOCKETED

NOV 16 2009

COMMISSIONERS

- KRISTIN K. MAYES, Chairman
- GARY PIERCE
- PAUL NEWMAN
- SANDRA D. KENNEDY
- BOB STUMP

DOCKETED BY	nr
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In the matter of:

MJG ENTERPRISES, INC., doing business as Mike's Lock Club, an Arizona corporation;

ANTHONY BOSCARINO (a/k/a Mike Brown and Anthony Kokas), a married man;

MARGUERITE JEANE GERHART (a/k/a Marguerite Boscarino), a married woman;

Respondents.

DOCKET NO. S-20709A-09-0524

NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER TO CEASE AND DESIST, ORDER FOR RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES AND FOR OTHER AFFIRMATIVE ACTION

NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that Respondents MJG ENTERPRISES, INC., doing business as Mike's Lock Club, an Arizona corporation, ANTHONY BOSCARINO (a/k/a Mike Brown and Anthony Kokas), a married man, and MARGUERITE JEANE GERHART (a/k/a Marguerite Boscarino), a married woman, have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

The Division further alleges ANTHONY BOSCARINO and MARGUERITE JEANE GERHART are persons controlling MJG ENTERPRISES, INC. within the meaning of A.R.S. § 44-1999, so that they are jointly and severally liable under A.R.S. § 44-1999 to the same extent as MJG ENTERPRISES, INC for violations of the Securities Act.

1 **I.**

2 **JURISDICTION**

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

5 **II.**

6 **RESPONDENTS**

7 2. MJG ENTERPRISES, INC., doing business as Mike's Lock Club, ("MJG") is an
8 Arizona corporation incorporated on November 9, 2007. MJG has its principal place of business in
9 Tucson, Arizona.

10 3. MJG registered Mike's Lock Club as a trade name on May 22, 2008.

11 4. ANTHONY BOSCARINO (a/k/a Mike Brown and Anthony Kokas)
12 ("BOSCARINO") is a married person who resides in Arizona. Upon information and belief,
13 BOSCARINO uses the following aliases: Mike Brown and Anthony Kokas. Mike Brown has been
14 the director of MJG since September 1, 2007.

15 5. MARGUERITE JEANE GERHART (a/k/a Marguerite Boscarino)
16 ("GERHART") is a married person who resides in Arizona. Pursuant to public records of the
17 Commission, GERHART has been the president of MJG since September 1, 2007.

18 6. Pursuant to public records of the Arizona Secretary of State, MARGUERITE
19 GERHART, on behalf of MJG, registered Mike's Lock Club as a trade name on May 22, 2008.

20 7. BOSCARINO and GERHART are husband and wife. At all times relevant,
21 GERHART and BOSCARINO were acting for their own benefit and for the benefit or in
22 furtherance of their marital community.

23 8. MJG and BOSCARINO may be referred to as "Respondents."
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1 **III.**

2 **FACTS**

3 9. In 2008 MJG and BOSCARINO created Mike's Lock Club, an Internet sports
4 handicapping business, which can be found at www.mikeslockclub.com. BOSCARINO runs
5 Mike's Lock Club.

6 10. In exchange for a fee, a person can join Mike's Lock Club and BOSCARINO will
7 send that person BOSCARINO's sports picks.

8 11. To communicate with persons interested in Mike's Lock Club, BOSCARINO used
9 the name *Mike Brown*. BOSCARINO signed the name Mike Brown on the Mike's Lock Club
10 website and in emails sent to members of Mike's Lock Club. Upon information and belief, those
11 persons who joined Mike's Lock Club were known as Mike's Lock Club Members.

12 12. MJG received the revenue from those who joined Mike's Lock Club.

13 13. BOSCARINO generated additional revenue for MJG by offering and selling Project
14 Drill, SBLC Private Placement Trade Platform, Collateralized Mortgage Obligations ("CMO"),
15 and Ping Programs by emailing members of Mike's Lock Club or when the Mike's Lock Club
16 members forward the emails to their friends and/or family (collectively referred to as "offerees and
17 investors").

18 **A. PROJECT DRILL**

19 14. In or around August 2008, MJG and BOSCARINO sent emails to offerees and
20 investors regarding an unspecific investment in oil. MJG and BOSCARINO called the investment
21 in the oil "Project Drill."

22 15. MJG and BOSCARINO described Project Drill as having two wells. BOSCARINO
23 and MJG represented to offerees and investors that one well was "in the top 1% of all the prospects
24 that have been drilled in the past 18 months." Additionally, MJG and BOSCARINO stated that
25 "the geophysicist who worked on this project invested his own money. This is very rare and a
26 good indication this will be one of the best prospects yet."

1 16. MJG and BOSCARINO represented to offerees and investors that one oil well was
2 projected to payout 11.8 to 1 return in 6.3 months. A second well was projected to have a return of
3 14.7 to 1 in 4.9 months.

4 17. MJG and BOSCARINO stated Project Drill would start in mid-September [2008]
5 and run through mid-March [2009], and once Project Drill is completed all profits would be mailed
6 out to the investors.

7 18. MJG and BOSCARINO did not tell the offerees how much is required to invest, but
8 instead said to let BOSCARINO and MJG know how much an investor planned on sending in an
9 email. BOSCARINO and MJG stated all wires must be received seven days from the offer date.

10 19. The investors had no input into this investment, such as the selection of the where or
11 how to drill oil wells or reviewing geology reports. The investors only had to provide their money
12 to MJG and BOSCARINO.

13 20. MJG and BOSCARINO directed all investors to wire their funds to a MJG account
14 located at a Phoenix, Arizona credit union to participate in Project Drill. This account was opened
15 and controlled by GERHART. Neither MJG nor BOSCARINO had signatory authority on this
16 account.

17 **B. SBLC PRIVATE PLACEMENT TRADE PROGRAM**

18 21. On or about January 14, 2009, MJG and BOSCARINO emailed to offerees and
19 investors a description of an opportunity to participate in a program whereby within four weeks an
20 investment of \$260,000 would generate returns of \$4-5 million per week for 40 weeks.

21 22. MJG and BOSCARINO stated that the name of this program is called the SBLC
22 Private Placement Trade Program and described it as a "simple leverage program." MJG and
23 BOSCARINO explain how after 27 banking days an investment of \$260,000 through reinvestment,
24 leverage, monetizing debt and profit would turn into a profit of \$1.4 million. Then, that \$1.4
25 million would be placed in another trading program which would generate the promised returns of
26 \$4-5 million per week for 40 weeks.

1 23. MJG and BOSCARINO represented that the investors would be purchasing an
2 “instrument,” which is, upon information and belief, a standby letter of credit (hereinafter
3 “SBLC”).

4 24. MJG and BOSCARINO represented to offerees and investors that they “would be in
5 this together via a Joint Venture Agreement” with an investor’s share being a percentage of the
6 amount invested. According to MJG and BOSCARINO, this investment would be handled by
7 BOSCARINO’s attorney.

8 25. The offerees and investors were not required to do anything regarding this
9 investment except for providing the funds to purchase the SBLC.

10 26. MJG and BOSCARINO failed to explain to the offerees and investors how the
11 numbers for profit, reinvestment or monetizing the debt were calculated.

12 27. MJG and BOSCARINO also stated in the email that “[t]his is the best opportunity
13 [BOSCARINO] has seen and people are doing this every single day including [him].”

14 28. Additionally, MJG and BOSCARINO said “this program is so lucrative, you may
15 never have to work another day in your life!” and said everyone could “get filthy rich together.”
16 BOSCARINO and MJG encouraged the investors to send in their money.

17 **C. COLLATERALIZED MORTGAGE OBLIGATION (CMO) PROGRAM**

18 29. On or about January 16, 2009, just two days after the offer of the SBLC Private
19 Placement Trade Program investment was emailed to the offerees and investors, MJG and
20 BOSCARINO sent out another email to the offerees and investors regarding an opportunity to
21 invest in a CMO program.

22 30. MJG and BOSCARINO represented to offerees and investors that the CMO
23 program was better than the SBLC Private Placement Trade Program because there is no need to
24 wait before investing in the targeted trading program.

25 31. MJG and BOSCARINO stated they sought to raise \$1.6 million from investors
26 because that would purchase \$1 billion in CMOs. MJG and BOSCARINO stated that the

1 purchases "would be placed with a major brokerage house's trade platform in California." Upon
2 execution with the major brokerage house, the investors would receive one-half of one percent or
3 \$5 million for an upfront fee. The CMOs would then be traded for a maximum of 40 weeks at a
4 guaranteed return of 15 percent per week from the \$1 billion purchase, or \$150 million, so long as
5 the CMOs traded.

6 32. Upon information and belief, the investors were categorized into groups designated
7 as either A, B, or C depending upon when they invested. However, MJG and BOSCARINO
8 eventually combined all the "groups" into one investment group.

9 33. MJG and BOSCARINO also represented to investors that the CMOs would be
10 purchased through a major brokerage house. Neither MJG and BOSCARINO opened an account
11 with a securities dealer in which to place the investor funds for the purchase of the CMOs.

12 34. MJG and BOSCARINO represented to offerees and investors that an investor could
13 retire from this investment and told the offerees and investors to "find some type of investment
14 money and as much as you possibly can to participate in this," and to tell family and friends.

15 35. On or about February 2, 2009, MJG and BOSCARINO sent another email to
16 offerees and investors providing to them access information to a conference call regarding the
17 CMO investment. On that conference call, a person, who identified himself as Mike Brown
18 (BOSCARINO) and a person who identified himself as Tom Nantais, an attorney, explained the
19 CMO program.

20 36. BOSCARINO and Nantais told offerees and investors that the profit potential is 2.8
21 times the investment, that there is little risk to this investment, and that there would be a
22 humanitarian trust, whose bylaws require it to purchase CMOs from individuals, involved in the
23 trading.

24 37. Nantais explained to the offerees and investors that the little risk is due to the fact
25 that the parties involved in the transaction have perfect information about the transaction. Nantais
26 said a person who is an officer of a hedge fund who is selling the CMO is also associated with the

1 humanitarian trust. As a result, the hedge fund is selling a CMO that the humanitarian trust wants
2 to buy.

3 38. BOSCARINO then explained the process in "layman's" terms. BOSCARINO
4 explained that through contacts made he was "privy to buy-sell agreements" that involved a
5 humanitarian trust. BOSCARINO could purchase at a discount CMOs that have already been
6 identified for purchase by the humanitarian trust and sell it to the humanitarian trust who had
7 already placed a purchase order for that same CMO.

8 39. BOSCARINO said he would be purchasing the CMO for 25 cents and then sell it to
9 the humanitarian trust for 70 cents.

10 40. On or about February 3, 2009, MJG and BOSCARINO emailed offerees and
11 investors information regarding the CMO investment that was left out of the conference call.
12 BOSCARINO and MJG added that the CMO future profit potential was 375 percent per week and
13 that the change to the CMO program was "to make sure our investments were 100% protected."
14 BOSCARINO and MJG stated their goal was to raise \$1.6 million.

15 41. MJG and BOSCARINO included instructions to wire the investor funds to a MJG
16 account located at a Phoenix, Arizona credit union. This account was opened and controlled by
17 GERHART. Neither MJG nor BOSCARINO had signatory authority on this account.

18 42. On or about February 8, 2009, MJG executed a contract to purchase part of CMO
19 purportedly already owned by an individual ("First CMO") although MJG and BOSCARINO
20 represented to offerees and investors that the First CMO would be purchased from a brokerage
21 house.

22 43. Pursuant to the contract, MJG agreed to wire \$1 million to a Chicago law firm in
23 exchange for \$400 million in face value of the \$1 billion CMO. GERHART, on behalf of MJG,
24 wired the \$1 million directly to a Chicago law firm as required by the purchase contract.

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1 44. The seller of the CMO promised to pay MJG \$2.8 million upon the sale of the
2 CMO, which was expected to occur in 48 hours. MJG further agreed to roll-over \$2.5 million of
3 profits from this transaction into another similar transaction.

4 45. According to the terms of this agreement, that individual had an executed contract
5 with a buyer to purchase the individual's CMO. In the event that transaction failed, both the
6 individual and the individual's attorney personally guaranteed repayment of the \$1 million
7 investment to MJG.

8 46. To date, MJG has not received any profits or the return of its \$1 million from the
9 purchase of the First CMO. MJG and BOSCARINO misrepresented to investors that there was
10 little risk or the investment was 100 percent protected when BOSCARINO and MJG have received
11 neither profits nor the principal from the First CMO purchase.

12 47. On or about March 3, 2009, MJG and BOSCARINO sent another email to the
13 offerees and investors indicating that the "C" investor group had another day in order to wire their
14 funds to MJG and that they sought new or existing investors for Group C. MJG and BOSCARINO
15 also said Groups A and B's first trades were "a Complete Success!" Although MJG and
16 BOSCARINO stated Groups A and B had successful trades, in fact, there were no trades, only one
17 attempted purchase of part of a purportedly already-purchased CMO.

18 48. On or about March 13, 2009, GERHART authorized a California title company to
19 disburse an amount just under \$1.3 million to three different parties for the purchase of a CMO
20 ("Second CMO"). Two entities received part of the \$1.3 million as commissions and the
21 remainder was used to purchase the Second CMO.

22 49. The Second CMO is not titled in either MJG's or BOSCARINO's name. It is
23 purportedly being held in trust for MJG.

24 50. For both the First and Second CMO purchases, BOSCARINO and MJG directed the
25 investors to sign and return a "JV Agreement" to them "A.S.A.P." BOSCARINO and MJG told
26 investors to go to Mike's Lock Club's website to download a JV Agreement ("Agreement").

1 51. The Agreement stated the following:

- 2 a. That it is intended for the purchase and selling of CMOs and Cash "Ping"
3 Programs;
- 4 b. That the investor makes a contribution either to Group "A," "B," or "C";
- 5 c. That MJG provides the ability to engage in the trading programs with a responsible
6 and licensed trader, and is responsible for investigating and coordinating all
7 transactions to the best of their ability;
- 8 d. That funds will be transferred into a secure escrow account and will be monitored
9 by and protected by a board certified title trustee; and
- 10 e. That Agreement and funds are to be sent to MJG at a Tucson, Arizona address.

11 52. To date, neither BOSCARINO nor MJG received a return on the invested funds or
12 its principal from the purchase of either the First CMO or Second CMO.

13 53. BOSCARINO and MJG failed to tell offerees and investors they did not have
14 experience in purchasing or trading CMOs when their allegedly first experience with purchasing
15 and trading CMOs occurred on or about February 9, 2009.

16 54. BOSCARINO and MJG represented to offerees and investors that the offerees and
17 investors would make significant profits from the CMOs when no profits were made from the
18 purchases.

19 55. BOSCARINO and MJG represented to offerees and investors that the investor funds
20 would be used for the purchase and selling of CMOs and Cash "Ping" programs when some of the
21 funds were used for purposes other than the investment.

22 56. BOSCARINO and MJG represented to offerees and investors that the investor funds
23 would be monitored by and protected by a board certified title trustee when in fact the title
24 company held funds for the purchase of the Second CMO purchase and GERHART directed the
25 title company to disburse those funds according to her instructions.

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1 57. BOSCARINO and MJG represented to offerees and investors the CMO investment
2 as having little risk or was 100 percent protected when in fact the CMO purchases were not made
3 through a securities dealer, there was no humanitarian trust, a majority of the investors have not
4 had their funds returned, and the investors have not received any of the promised profits.

5 **D. PING PROGRAM**

6 58. In or around March 16, 2009, MJG and BOSCARINO emailed to offerees and
7 investors information about other investment opportunities. Included in one such email was the
8 opportunity to invest in the Ping Program, which was called another trading platform involving
9 CMOs. There were two different Ping Program investments, both of which called for an
10 investment of \$50,000, *would be limited to no more than 200 investors*, and would pool the
11 investor funds, and the investment would double after two weeks and then double again in two
12 additional weeks.

13 59. MJG and BOSCARINO represented to offerees and investors that one Ping Program
14 investment involved the purchase of a certificate of deposit where the money would never be
15 touched. According to MJG and BOSCARINO, "the trade platform verifies the funds each day by
16 pinging the account and trades off the money in this manner." This investment was labeled "safe
17 as a 10 on a scale of 1-10" and is designed "for a longer term weekly income type of investment."

18 60. MJG and BOSCARINO represented to offerees and investors that the second Ping
19 Program investment was based out of Switzerland. The money would be left in MJG or
20 BOSCARINO'S bank account. The investors would agree to allow the trading bank to "ping" the
21 account in order to trade. According to MJG and BOSCARINO, the first payout would be two
22 weeks after trading, then it would pay double in eight business days, and then it would pay weekly
23 thereafter. It also has a safety rating of 10.

24 61. MJG and BOSCARINO told the investors they needed to act quickly to participate
25 in this program. MJG and BOSCARINO asked for email commitments and then directed the
26 investors to wire the funds by the end of the week to make the investment cutoff date.

1 62. At least one Investor wired \$50,000 to the MJG account located at a Phoenix,
2 Arizona credit union to participate in the Ping Program. This account was opened and controlled by
3 GERHART. Neither MJG nor BOSCARINO had signatory authority on this account.

4 63. On or about April 13, 2009, BOSCARINO and MJG emailed the investors telling
5 them that they are returning the Ping Program funds. However, at least one Investor has not
6 received the promised return of funds.

7 **E. GENERAL ALLEGATIONS**

8 64. BOSCARINO and MJG raised at least \$4,359,627 from at least 1,521 Investors
9 through the offer and/or sale of Project Drill, SBLC Private Placement Trade Platform, CMOs, and
10 Ping Program.

11 65. The investors and offerees reside throughout the United States, including Arizona,
12 and several foreign countries.

13 66. At all times relevant, MJG and BOSCARINO were neither registered as dealers nor
14 as salesmen with the Commission. At all times relevant, Project Drill, SBLC Private Placement
15 Trade Platform, CMOs, and Ping Program were not registered with the Commission.

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17 **IV.**

18 **VIOLATION OF A.R.S. § 44-1841**

19 **(Offer and Sale of Unregistered Securities)**

20 67. From on or about August 2008 to at least April 2009 MJG and BOSCARINO have
21 been offering or selling securities in the form of investment contracts, commodity investment
22 contracts, and/or bonds within or from Arizona.

23 68. The securities referred to above are not registered pursuant to Articles 6 or 7 of the
24 Securities Act.

25 69. This conduct violates A.R.S. § 44-1841.
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V.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

70. MJG and BOSCARINO have been offering or selling securities within or from Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

71. This conduct violates A.R.S. § 44-1842.

VI.

VIOLATION OF A.R.S. § 44-1991

(Fraud in Connection with the Offer or Sale of Securities)

72. In connection with the offer or sale of securities within or from Arizona, Respondents are, directly or indirectly: (i) employing a device, scheme, or artifice to defraud; (ii) making untrue statements of material fact or omitting to state material facts that are necessary in order to make the statements made not misleading in light of the circumstances under which they are made; or (iii) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit upon offerees and investors. Respondents' conduct includes, but is not limited to, the following:

a. MJG and BOSCARINO failed to tell investors they had very little or no experience in purchasing or trading CMOs when their first experience with purchasing and trading CMOs occurred on or about February 9, 2009;

b. MJG and BOSCARINO misrepresented to investors that MJG and BOSCARINO would purchase the CMOs through a major brokerage house and/or a responsible licensed trader, when, in fact, neither BOSCARINO nor MJG opened an account with a securities dealer;

c. MJG and BOSCARINO misrepresented to investors that MJG and BOSCARINO would purchase the CMOs through a major brokerage house and/or a responsible licensed trader, when, in fact, GERHART wired funds directly to a law firm and instructed a title

1 company to wire funds to another entity and two individuals, for the benefit of other
2 individuals;

3 d. MJG and BOSCARINO misrepresented to investors the profit potential of the
4 CMOs to be either 2.8 times the investment or 375 percent per week when in fact no profits
5 were made on the purchases and the investor funds are likely lost;

6 e. MJG and BOSCARINO misrepresented to investors that the investor funds would
7 be used for the purchase and selling of CMOs and Cash "Ping" when in fact some of the
8 funds were used for purposes other than the investment;

9 f. MJG and BOSCARINO misrepresented to investors that the investor funds will be
10 monitored by and protected by a board certified title trustee when in fact the title company
11 only held funds for the purchase of the Second CMO and the title company's purpose was
12 to hold the funds until GERHART issued disbursement instructions; and

13 g. MJG and BOSCARINO misrepresented to investors the CMO investment as having
14 little risk or is 100 percent protected when the First and Second CMO purchases were not
15 made through a securities dealer, there was no humanitarian trust, a majority of the
16 investors have not had their funds returned, the investors have not received any of the
17 promised profits, or have not been provided an accounting of the funds.

18 73. This conduct violates A.R.S. § 44-1991.

19 74. GERHART directly or indirectly controlled persons or entities within the meaning of
20 A.R.S. § 44-1999, including MJG. Therefore, GERHART is jointly and severally liable under
21 A.R.S. § 44-1999 to the same extent as MJG for its violations of A.R.S. § 44-1991.

22 75. BOSCARINO directly or indirectly controlled persons or entities within the meaning
23 of A.R.S. § 44-1999, including MJG. Therefore, BOSCARINO is jointly and severally liable under
24 A.R.S. § 44-1999 to the same extent as MJG for its violations of A.R.S. § 44-1991.

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VII.**HEARING OPPORTUNITY**

Each respondent may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. **If a Respondent requests a hearing, the requesting respondent must also answer this Notice.** A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. The requesting respondent must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at <http://www.azcc.gov/divisions/hearings/docket.asp>.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission may, without a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for Hearing.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shaylin A. Bernal, ADA Coordinator, voice phone number 602/542-3931, e-mail sabernal@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation.

VIII.**ANSWER REQUIREMENT**

Pursuant to A.A.C. R14-4-305, if a Respondent requests a hearing, the requesting respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Notice. Filing instructions may be obtained from

1 Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at
2 <http://www.azcc.gov/divisions/hearings/docket.asp>.

3 Additionally, the answering respondent must serve the Answer upon the Division.
4 Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-
5 delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix,
6 Arizona, 85007, addressed to Aikaterine Vervilos.

7 The Answer shall contain an admission or denial of each allegation in this Notice and the
8 original signature of the answering respondent or respondent's attorney. A statement of a lack of
9 sufficient knowledge or information shall be considered a denial of an allegation. An allegation
10 not denied shall be considered admitted.

11 When the answering respondent intends in good faith to deny only a part or a qualification
12 of an allegation, the respondent shall specify that part or qualification of the allegation and shall
13 admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

14 The officer presiding over the hearing may grant relief from the requirement to file an
15 Answer for good cause shown.

16 Dated this 16 day of November, 2009.

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20 Matthew J. Neubert
21 Director of Securities
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