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BEFORE THE ARIZONA CORPORATIC

IN THE MATTER OF: )  
 )  
SECURE RESOLUTIONS, INC., an )  
Arizona corporation, )  
DOUGLAS COTTLE and KYLA COTTLE, )  
husband and wife, )  
 )  
Respondents. )  
 )  
 )

DOCKET NO.  
S-20677A-09-0256  
  
PROCEDURAL  
CONFERENCE

At: Phoenix, Arizona  
Date: January 7, 2010  
Filed: **JAN 13 2010**

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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 Administrative Law  
4 Judge Marc Stern's office, Hearing Division, 1200 West  
5 Washington Street, Phoenix, Arizona, commencing at 11:03  
6 a.m., on the 7th day of January, 2010.

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BEFORE: MARC E. STERN, Administrative Law Judge

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APPEARANCES:

11

12 For the Arizona Corporation Commission Securities  
Division:

13

Mr. Phong (Paul) Huynh  
Staff Attorney, Securities Division  
1300 West Washington Street, 3rd Floor  
Phoenix, Arizona 85007  
(Via Teleconference)

16

17 For the Respondents:

18

THE BAKER LAW FIRM, L.L.C.  
By Mr. Michael S. Baker  
702 East Coronado Road  
Phoenix, Arizona 85006  
(Via Teleconference)

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KAREN L. KESSLER, RPR  
Certified Reporter  
Certificate No. 50821

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

5 My name is Marc Stern. I will preside over this  
6 matter today; I guess it's a motion conference, a status  
7 conference, I guess we can say.

8 Mr. Baker, you are the new attorney for these  
9 respondents, I guess?

10 MR. BAKER: Yes, Your Honor.

11 ALJ STERN: And, Mr. Huynh, yesterday we had our  
12 little brief teleconference, and apparently you hadn't  
13 received Mr. Baker's expedited emergency motion to  
14 continue the hearing that's set for February 8th, and  
15 extension of time to exchange your witness list and  
16 exhibits.

17 MR. HUYNH: Correct, Judge. And I have  
18 received them in the interim time, and I have had a  
19 chance to review it.

20 And just to let you know, Mr. Baker and I spoke  
21 earlier today to see if there is any matters that we  
22 could stipulate to between the parties. In our  
23 discussions, I have agreed to stipulate in terms of  
24 extending the list of witnesses and exhibits to  
25 Mr. Baker; however, I'm hesitant to stipulate to an

1 extension on the hearing date.

2 One, I'm not quite sure what your calendar  
3 schedules would be, even if we did continue it.

4 And, two, due to the, you know, long history of  
5 this, you know, matter already, in terms of status  
6 conferences we have had, continuances we have already  
7 given to the respondents on, I believe, multiple  
8 occasions. And you know, with those things --  
9 obviously, I'd leave it up to you, and it's completely  
10 up to you what you determine.

11 But I just wanted to voice my objections in  
12 regards to those concerns regarding a delay in the  
13 hearing that we've already had scheduled.

14 ALJ STERN: Okay. Mr. Baker, do you have any  
15 comments?

16 MR. BAKER: Yes, Your Honor, thank you so much.

17 Yes, I confirm that Mr. Huynh and I did discuss  
18 this morning, and I appreciate Mr. Huynh agreeing to  
19 stipulate to extend the, or at least to agree with  
20 counsel to extend, for a brief period of time, when  
21 lists of witnesses and exhibits would be disclosed.

22 I believe that we talked about Tuesday,  
23 January 19th, 2010 for the list of witnesses and  
24 exhibits to be disclosed to Mr. Huynh, and that he  
25 indicated he may, in fact, even be able to have his list

1 of witnesses and exhibits completed by tomorrow  
2 afternoon around 4:00 p.m. And he can just let me know  
3 and I can send someone down to pick them up.

4 As far as the record on the motion to continue,  
5 I would just like to point out to the Court that I was  
6 hired on New Year's Eve, which is about a week ago. I  
7 knew at that time of the hearing. I did tell the  
8 Cottles that there was a chance that the hearing would  
9 go as planned, but that I would file a motion to  
10 continue for a brief period of time.

11 After reviewing the file late into the evening  
12 last night, I realized, you know, that there were quite  
13 a few documents, quite a few charges, and quite a few  
14 things that are going to require some due diligence and  
15 careful preparation. And I would ask, just in the  
16 interest of justice, to have, you know, three weeks to  
17 30 days to effectively prepare the case.

18 It's my understanding that the final hearing,  
19 although set September, has not officially been  
20 continued, and I mean the final hearing on February 8th,  
21 I don't believe that's been continued yet.

22 But I certainly understand the hesitancy of  
23 Mr. Huynh, and I will leave it up to the discretion of  
24 the Court.

25 ALJ STERN: Well, I have a problem with

1 continuing this, basically because my whole month of  
2 March is, at present, scheduled for other hearings. I  
3 mean, I have week long hearings -- I have one that will  
4 go at least a week and a half and I think another one,  
5 two weeks -- on other cases.

6 So I don't have a lot of time, other than what  
7 we have scheduled presently for your clients at the  
8 beginning of, or the second week I think it is, in  
9 February. Yeah, and it is scheduled for about seven  
10 days of hearing.

11 And your, and your clients, to be honest with  
12 you, I don't know whether they're attorney shopping or  
13 what they're doing. They had one attorney, one law firm  
14 for a period of time, and then they filed for bankruptcy  
15 with another attorney, seeking a delay and/or I think  
16 trying to alleviate their possible exposure to  
17 liability.

18 But that matter has already been litigated a few  
19 times over in bankruptcy court. I haven't heard back  
20 from the bankruptcy attorney at all, but I ruled in that  
21 matter that the bankruptcy wouldn't stop the  
22 Commission's action. We may not be able to execute,  
23 according to a prior ruling that the Division secured  
24 for the Commission previously on an order to make  
25 restitution and to pay penalties, while the bankruptcy's

1 pending, but in the alternative, we can go forward under  
2 the Bankruptcy Act.

3           The thing is, is I don't know what to tell you.  
4 I mean, if the matter is going to get resolved, I think,  
5 you know, you can look at what the Division has --  
6 Mr. Huynh, I'd appreciate it if you can try and get your  
7 exhibits, if not -- I mean, they were due tomorrow.

8           MR. HUYNH: Yeah, and we anticipate and plan on  
9 continuing to keep that LWE date, Judge, and we will be  
10 providing Mr. Baker with our exhibits to be available  
11 for him to pick up tomorrow afternoon, so that way he  
12 does get a chance to review them prior to us meeting and  
13 prior to his disclosure too.

14           ALJ STERN: One thing I will tell you,  
15 Mr. Baker, I would be a little bit lenient on the  
16 presentation of your case, if you aren't able to resolve  
17 this in the interim, if you get pretty close to it with  
18 Mr. Huynh, we might at that point consider an extension  
19 to continue to proceeding a little bit.

20           But with respect to, if we actually go in the  
21 hearing, and you need some additional time to address  
22 issues raised in a hearing because of the brief period  
23 of time that you've had to prepare, I could understand a  
24 request at that time to --

25           MR. BAKER: Okay.

1 ALJ STERN: -- address those. But I'm reluctant  
2 to continue the proceeding any more than we have already  
3 done. I mean, this has been since, I think May of last  
4 year --

5 MR. BAKER: Right, Your Honor, May 21st, I  
6 believe it is.

7 ALJ STERN: -- or April. So even assuming that  
8 you somehow, someday reach an agreement on how to  
9 resolve the case with the Division, I'm not even sure  
10 you could even get it on the Commission's agenda for  
11 approval of a solution maybe until March, I don't know.  
12 I mean, you might make the February one, if that's the  
13 intention, to resolve the case, but at present, this has  
14 been sitting awhile.

15 Although, I have seen some cases here for a  
16 couple years on occasion, but they sometimes end up over  
17 in superior court.

18 All right, let's do this, I'm not going to issue  
19 a procedural order.

20 It's by agreement of the parties that Mr. Baker  
21 will have until January 19th to file any exhibits or  
22 witness, and list of witnesses which he may call in the  
23 proceeding. The hearing will stay as scheduled for  
24 February unless we have reason to change it.

25 And is there -- and you know when the hearing is

1 presently scheduled, correct?

2 MR. BAKER: That's correct, Your Honor.

3 ALJ STERN: All right. And that's down here at  
4 the Commission.

5 MR. BAKER: Okay.

6 ALJ STERN: All right. Anything else,  
7 Mr. Huynh?

8 MR. HUYNH: No, that's it, Judge.

9 ALJ STERN: All right. You'll have until the  
10 19th to get your exhibits and copies of your witness  
11 list to Mr. Huynh, and let me have -- file a set of  
12 courtesy copies here at the hearing Division for me, all  
13 right?

14 MR. BAKER: Yes.

15 ALJ STERN: All right. Thank you, gentleman.  
16 That will conclude today's proceeding.

17 MR. HUYNH: Thank you, Judge. Thank you,  
18 Mr. Baker.

19 (The proceedings concluded at 11:11 a.m.)  
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