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BEFORE THE ARIZONA CORPORATION

IN THE MATTER OF: )  
 )  
 RICHARD MILES DORMAN and ) DOCKET NO.  
 REBECCA DORMAN, husband and wife, ) S-20702A-09-0460  
 )  
 MICHAEL VINCENT RING and )  
 KELLY RING, husband and wife, )  
 )  
 ELYSIUM CAPITAL GROUP, L.L.C., ) Status  
 a Nevada limited liability company, ) Conference  
 )  
 Respondents. )

Status  
Conference

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At: Phoenix, Arizona  
 Date: January 14, 2010  
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**DOCKETED**  
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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 9:51 a.m., on the 14th day of  
6 January, 2010.

7  
8 BEFORE: MARC E. STERN, Administrative Law Judge

9 APPEARANCES:

10 For the Arizona Corporation Commission Securities  
11 Division

12 Mr. William Black  
13 Staff Attorney, Securities Division  
14 1300 West Washington Street  
Phoenix, Arizona 85007

15 For Michael Ring, Kelly Ring, and Elysium Capital  
16 Group, L.L.C.

17 THE LAW OFFICE OF STEVE T. SKIVINGTON  
18 By Mr. Steve T. Skivington  
19 1016 Olive Mill Lane  
Las Vegas, Nevada 89134  
(Via Teleconference)

20 For Richard Miles Dorman and Rebecca Marie Dorman:

21 Mr. Richard M. Dorman, Pro Per  
22 245 Lullwater Drive  
Panama City, Florida 34213  
(Via Teleconference)

23

24

25

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

1 ALJ STERN: Okay, this hearing is now open in the  
2 matter of Richard Miles Dorman, et al., in Docket  
3 No. S-20702A-09-0460. My name is Marc Stern. I will  
4 preside over the matter today.

5 We previously had a prehearing conference back  
6 on November 18th, and the parties were going to consider  
7 possibly resolving the matter. So this is not a  
8 hearing, it's a status conference to see where we're at.

9 So Mr. Black, Mr. Skivington is on the line for  
10 his clients, and Mr. Dorman is here on behalf of  
11 himself.

12 What is the status of everything, Mr. Black --  
13 or let's just do this, I don't think I even had you  
14 enter appearances. So let's do that, I'm sorry.

15 Go ahead, Mr. Black.

16 MR. BLACK: Judge, William Black on behalf of  
17 the Division.

18 ALJ STERN: All right, Mr. Skivington, do you  
19 want to enter an appearance, please?

20 MR. SKIVINGTON: Yes, Steve Skivington on behalf  
21 of Michael and Kelly Ring and Elysium Capital Group,  
22 L.L.C.

23 ALJ STERN: And, Mr. Dorman?

24 MR. DORMAN: Yeah, I'm here on behalf of Richard  
25 Miles Dorman and, I guess, Rebecca Marie Dorman.

1 ALJ STERN: Okay, that's your wife.

2 Okay, Mr. Black, what is the status of  
3 everything right now?

4 MR. BLACK: Judge Stern, the Division has  
5 forwarded to both parties a proposed consent, and  
6 received back from both parties their initial response.  
7 And although I don't think reaching a settlement in this  
8 matter is impossible, I think it would be helpful to all  
9 parties if we had a hearing date to kind of keep us all  
10 headed in the right direction.

11 ALJ STERN: Okay. Mr. Skivington, do you have  
12 any comments with respect to what Mr. Black has stated?

13 MR. SKIVINGTON: Yes, I do. I don't disagree  
14 with anything that he said. I would like to inform the  
15 Hearing Officer that I had a, actually a conference call  
16 with my client, and there was a sergeant, a Scottsdale  
17 sergeant, had indicated that he had filed criminal  
18 proceedings in this matter, and that he got a copy of  
19 everything that my client had stated under oath. So I  
20 think that's, you know, obviously my client is concerned  
21 about that.

22 ALJ STERN: Mr. Ring is your -- you mean  
23 Mr. Ring?

24 MR. SKIVINGTON: Yes.

25 ALJ STERN: Is he indicted or something, or is

1 there --

2 MR. SKIVINGTON: The sergeant, Scottsdale Police  
3 Department, indicated that he had filed criminal  
4 charges. I don't know the whole status of it. He  
5 called up Michael Ring, and Michael Ring returned his  
6 call while in my office on a conference call.

7 And at first he was just fishing for  
8 information. And then we told him that we were  
9 cooperating with the Arizona Corporation Commission and  
10 William Black, and that we had made a sworn statement  
11 and we had provided all of the records that we have to  
12 them.

13 And he said, yes, I am aware of that and I have  
14 got a copy of it all. And then he says, you know -- and  
15 I said, well, what's happening on your end. And then he  
16 told us that he had filed charges like the day before --  
17 this is all within the last week.

18 And then he wanted Michael's address, Michael  
19 Ring's address, which we gave, gave to him, because  
20 obviously it's a matter of public record and we gave it  
21 to the Corporation Commission anyway. And he indicated  
22 that he would be forwarding on a complaint when he  
23 received it.

24 I spoke with Michael yesterday, and he has not  
25 yet received it at his Arizona address.

1           ALJ STERN: Okay. Well, I don't know anything  
2 about the criminal matter. Sometimes these things do  
3 become involved in different venues. You know, the  
4 criminal matter is separate and apart from the  
5 administrative proceeding; although, sometimes in the  
6 past, I have seen the Division start an action and the  
7 matter has been referred for possible prosecution,  
8 either at the county or the federal or some other level.  
9 I don't know what's going on in that respect. I only  
10 know what I have before me.

11           Is Mr. Dorman involved in that other proceeding;  
12 do you know anything about that?

13           MR. DORMAN: Yes, I received a phone call as  
14 well.

15           ALJ STERN: Uh-huh. Mr. Black, how does this  
16 all fit into the great scheme of things at this point?

17           MR. BLACK: Judge, I assume that if Scottsdale  
18 Police Department has a copy of the examination under  
19 oath of Mr. Ring, that it's safe to assume they obtained  
20 that from the Division. But I would also say that we  
21 have not made a formal referral to any law enforcement  
22 agency with regard to this case.

23           We were aware of Scottsdale Police Department's  
24 involvement. Mr. Dorman had informed me of that during  
25 one of our conversations; that he had been contacted by

1 an officer. But I don't know whether or not criminal  
2 charges have been submitted by Scottsdale, and I think  
3 it would be prudent to proceed forward as though they  
4 haven't.

5 And we have an administrative action pending;  
6 obviously, if something were to happen in the way of an  
7 indictment, we would have to address that.

8 ALJ STERN: Okay. Did you hear that Mr. Dorman  
9 and Mr. Skivington?

10 MR. SKIVINGTON: Yes, I did.

11 ALJ STERN: Okay. Well, although that other  
12 thing may be out there, the criminal matter, and that  
13 would probably, if in fact the police department, or  
14 whomever, and the county decides to pursue the matter,  
15 that's outside of my jurisdiction, and like Mr. Black  
16 says, we'll just have to wait and see. But as far as  
17 the administrative proceeding presently pending, we can  
18 go forward and set a hearing.

19 It won't be in the, you know, near future in  
20 terms of this month or even possibly next month. I  
21 don't know what our schedules have; we're a little bit  
22 limited where we can hold the hearings. And also  
23 scheduling-wise for myself, I have a number of hearings  
24 already scheduled in the month of February and possibly  
25 the beginning of March. I'm not sure even where we are.

1           So what I would say is, I am going to recess  
2 this matter -- let's keep the line open -- I'm going to  
3 go over to the Hearing Division for a minute down the  
4 hall and check scheduling.

5           Mr. Black, if we go to hearing on this, how much  
6 time do you foresee this involving?

7           MR. BLACK: Judge, no more than two days.

8           ALJ STERN: Okay, From the Division's --

9           MR. BLACK: I think the Division could present  
10 their case in a day.

11          ALJ STERN: Okay. How many witnesses would the  
12 Division have?

13          MR. BLACK: We have a group of investors in this  
14 case, Judge, so I think we would call no more than two,  
15 and maybe only one representative of that group.

16          ALJ STERN: Okay.

17          MR. BLACK: And an investigator. We do not  
18 anticipate having a forensic accountant.

19          ALJ STERN: Okay.

20          MR. BLACK: And obviously, Mr. Ring and  
21 Mr. Dorman. And we do have their examinations under  
22 oath.

23          ALJ STERN: All right. Well, I don't know what  
24 your position is, Mr. Skivington, as to how many  
25 witnesses you might call if this went to hearing, but I

1 assume you may or may not call your client. I don't  
2 know, if there is -- again, you've got the issue of the  
3 criminal matter pending and we don't know what is going  
4 to happen with that.

5 MR. SKIVINGTON: Yeah, and just to be up front  
6 with everybody, my client has filed bankruptcy. That  
7 has been discharged; we're in the process of determining  
8 if we can reopen that and list this in the bankruptcy  
9 petition.

10 ALJ STERN: I will let Mr. --

11 MR. SKIVINGTON: Which obviously would state an  
12 administrative aspect of it.

13 ALJ STERN: Well, I will let Mr. Black address  
14 that issue. We have been down that road before, and I  
15 think --

16 Well, Mr. Black, do you want to state the  
17 situation?

18 MR. BLACK: Yeah. Just briefly, it's the  
19 Division's position, and the Division has argued  
20 successfully that, one, our orders, if we were able to  
21 obtain one, would not be dischargeable in a Chapter 7  
22 bankruptcy. And, although collection of an order may be  
23 stayed as a result of the automatic stay, the  
24 administrative proceeding itself in order to obtain a  
25 final order, it's our position, is not stayed by the

1 automatic stay in a Chapter 7 bankruptcy.

2 And I think that is set forth pretty clearly in  
3 the bankruptcy code with regard to administrative orders  
4 and the process of pursuing one.

5 ALJ STERN: What I might add, Mr. Skivington,  
6 also, you said your clients have been discharged already  
7 from bankruptcy?

8 MR. SKIVINGTON: Yes.

9 ALJ STERN: Well, even at this point, if they  
10 didn't include this as a debt in their bankruptcy, I  
11 mean, they could always go back and try and get it  
12 discharged. But from my experience and from what  
13 Mr. Black has related, in a like proceeding, I'm  
14 guessing a year or so ago maybe a little longer, we did  
15 stay the proceeding and directed Division to go over to  
16 bankruptcy court and get a release from the court.

17 And the court did in that action actually say  
18 that the Commission's actions themselves were not stayed  
19 by the pending bankruptcy; however, we couldn't execute  
20 while the bankruptcy was open. If the Commission did,  
21 let's say, find against your client, or you, Mr. Dorman,  
22 the Commission couldn't execute on that judgment until  
23 after it got the okay of the bankruptcy court.

24 But if in fact there has been a discharge in  
25 bankruptcy previously, then, you know, you can go back

1 and try and relitigate it, but as I said, we have been  
2 down that road before.

3 I don't think in the instances of where  
4 securities violations have occurred, a regulatory  
5 agency, as part of its police powers and regulatory  
6 powers, under the terms of the bankruptcy act isn't  
7 stayed, only the possible execution.

8 And again, that, that's a whole other matter,  
9 whether or not the Commission, let's say, finds against  
10 your client, then they have to refer the matter for  
11 collection. Whether it can be executed on, that will be  
12 further down the line. But that's what the court said  
13 previously.

14 MR. SKIVINGTON: I appreciate that. I haven't  
15 researched the issue. I guess if this would be  
16 considered a police action, I could see why the  
17 bankruptcy court may not discharge it.

18 ALJ STERN: Well, the police or regulatory, I  
19 believe, is the exception within the temporary order  
20 section of the bankruptcy act.

21 MR. BLACK: And, Judge, just so we're clear, the  
22 stay of, the stay on executing the judgment would only  
23 apply during the pendency of the bankruptcy.

24 ALJ STERN: Right.

25 MR. BLACK: Obviously.

1 ALJ STERN: Just so you understand. So that's  
2 where we've been before. I'm sure if you really want to  
3 take a look at it, you can talk to Mr. Black; he might  
4 be able to give you some citations.

5 And in fact, like I say, there was a case not  
6 too long ago, I offhand don't recall which one it was,  
7 it's even pending before me, which another attorney for  
8 the Securities Division filed a brief and cited the  
9 previous action had gone to bankruptcy court. And we  
10 took the citation from the judge in bankruptcy as to  
11 what exactly the Commission could do. And that's why  
12 it's pretty fresh in my mind.

13 MR. SKIVINGTON: Okay, well, I appreciate that.  
14 I certainly respect the, you know, the bankruptcy  
15 judge's opinion.

16 ALJ STERN: Okay. Well, in any event, what I'm  
17 going to do, is I'm going to recess just for a few  
18 minutes. I'll leave you all on the line; the line is  
19 open; Mr. Black is here; the court reporter is here, but  
20 we are off the record. I'm going to go and look at some  
21 dates.

22 If we do have a hearing, normally speaking, if  
23 you haven't -- if you don't resolve this matter by  
24 consent order, normally if you really want to defend the  
25 matter, I'd highly suggest that you appear here, because

1 you would have problems probably credibility-wise  
2 without -- it's hard to judge people when they're on the  
3 phone versus when they are actually present in the room  
4 and testifying.

5 So let me take a look at some dates. Do you  
6 have any problems, Mr. Skivington, with a date sometime  
7 in March or April?

8 MR. SKIVINGTON: The longer the better, from my  
9 viewpoint.

10 ALJ STERN: All right. All right, and how about  
11 you, Mr. Dorman?

12 MR. DORMAN: No, I will go along with whatever  
13 Mr. Black and you guys decide.

14 ALJ STERN: All right. Well, we'll recess right  
15 now. Just stay on the line, and I'll try and do this as  
16 quick as possible.

17 (Recess taken from 10:04 a.m. to 10:10 a.m.)

18 ALJ STERN: We're going to go back on the  
19 record. I referred to Mr. Cottle, he's a respondent in  
20 another proceeding and it just sticks out in my mind,  
21 because I was looking at --

22 MR. SKIVINGTON: There is an attorney here in  
23 Las Vegas named --

24 ALJ STERN: Cottle?

25 MR. SKIVINGTON: -- a Mr. Cottle. Is it the

1 same one?

2 ALJ STERN: No, different person.

3 MR. SKIVINGTON: Okay, I just had a case with  
4 him.

5 ALJ STERN: No, this is a -- he's a respondent  
6 in another proceeding and I was looking when his case  
7 was scheduled to look at dates for you all in this  
8 proceeding.

9 Okay, in terms of April, I came up with actually  
10 three days that fit together just to allow enough time,  
11 if in fact we would have to have a hearing and you  
12 haven't arrived at an agreement with Mr. Black and the  
13 Securities Division in the form of a consent order. And  
14 the dates I have in mind are Tuesday April 20th,  
15 Wednesday the 21st, and Thursday the 22nd. And the  
16 reason I just -- keep those other dates open if  
17 necessary.

18 I'll put out a procedural order; I'll schedule  
19 the hearing; and I'll also direct, if you're going to  
20 actually go to hearing, file copies of any exhibits you  
21 might have, and direct -- and also any witnesses you may  
22 be calling, and I'll direct the Division to do the same  
23 thing, about a month beforehand.

24 But April 20th, 21st, and 22nd, just so you  
25 know. And if we finish it up in one day, that's fine;

1 if you want to come, that's fine; if you don't want to  
2 come, that's your choice. But like I say, I'd encourage  
3 you to enter into consent orders and try to resolve the  
4 matter that way, and then you'll just have to deal with  
5 it down the line a little bit more. But that's where we  
6 stand right now.

7 So are there any problems with those days for  
8 you, Mr. Skivington?

9 MR. SKIVINGTON: No.

10 ALJ STERN: Okay. Mr. Dorman, any problems for  
11 you?

12 MR. DORMAN: No.

13 ALJ STERN: Mr. Black?

14 MR. BLACK: No, Judge.

15 ALJ STERN: All right. So I will put out a  
16 procedural order shortly in this matter scheduling it  
17 for hearing for those three days. Like I say, if it  
18 goes no days, that's wonderful; if it goes one day,  
19 that's not too bad; and then if we need the additional  
20 days, they will be available to us.

21 And with that, anything else, Mr. Black?

22 MR. BLACK: No.

23 ALJ STERN: Mr. Skivington?

24 MR. SKIVINGTON: No.

25 ALJ STERN: Mr. Dorman?

1 MR. DORMAN: No, Judge.

2 ALJ STERN: All right. I have nothing else.

3 And with that this matter is concluded.

4 (The proceedings concluded at 10:12 a.m.)

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1 STATE OF ARIZONA )  
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 2 COUNTY OF MARICOPA )

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I, KAREN L. KESSLER, RPR, Certified Reporter  
 No. 50821 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 25th day of January,  
 2010.

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