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BEFORE THE ARIZONA CORPORATION COMMISSION

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2 COMMISSIONERS:

- 3 KRISTIN K. MAYES, Chairman
- 4 GARY PIERCE
- 5 PAUL NEWMAN
- 6 SANDRA D. KENNEDY
- 7 BOB STUMP

2010 FEB 19 A 11: 05
 AZ CORP COMMISSION
 DOCKET CONTROL

8 IN THE MATTER OF:

9 JOHN W. PACHECO and ANGELA PACHECO,
10 husband and wife;

11 BILL L. WALTERS and JACQUELYN WALTERS,
12 husband and wife;

13 FINANCIAL AMERICAN CORPORATION, a
14 Nevada corporation;

15 THE FINANCIAL AMERICAN GROUP, LLC, a
16 Delaware limited liability company;

17 AMERICAN APARTMENT FUND XI, LP, a
18 Delaware limited partnership.

19 Respondents.

DOCKET NO. S-20688A-09-0326

Arizona Corporation Commission
DOCKETED

FEB 19 2010

DOCKETED BY	
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PROCEDURAL ORDER

20 **BY THE COMMISSION:**

21 On June 26, 2009, the Securities Division ("Division") of the Arizona Corporation
 22 Commission ("Commission") filed a Notice of Opportunity for Hearing ("Notice") against John W.
 23 Pacheco and Angela Pacheco, husband and wife; Bill L. Walters and Jacquelyn Walters, husband and
 24 wife; Financial American Corporation, a Nevada corporation; The Financial American Group, LLC, a
 25 Delaware limited liability company; and American Apartment Fund Xi, LP, a Delaware limited
 26 partnership, in which the Division alleged multiple violations of the Arizona Securities Act ("Act") in
 27 connection with the offer and sale of securities in the form of investment contracts.

28 Respondents John W. Pacheco, Angela Pacheco, Financial American Corporation, The
 Financial American Group, LLC and American Apartment Fund XI, LP ("Respondents") were duly
 served with a copy of the Notice.

On July 10, 2009, a request for hearing was filed by the Respondents.

1 On July 24, 2009, the Respondents filed their Answer.

2 On July 27, 2009, by Procedural Order, a pre-hearing conference was scheduled for
3 September 3, 2009.

4 On September 3, 2009, at the pre-hearing conference, the Division and Respondents appeared
5 with counsel. Issues concerning the case were discussed along with future scheduling matters.
6 Counsel agreed to conduct discovery and to the scheduling of a hearing. Pursuant to the discussion at
7 the pre-hearing conference, the Division provided its preliminary witness list to the Respondents.

8 On September 28, 2009, by Procedural Order, a hearing was scheduled to commence on
9 February 22, 2010, and other filing deadlines were established.

10 On October 6, 2009, the Division docketed notice that on October 5, 2009, copies of the
11 Division's preliminary exhibits had been made available to the Respondents.

12 On February 18, 2010, the Division filed a Stipulated Motion to Continue Hearing
13 ("Motion"). The Motion indicates that the Division and Respondents have reached a consent
14 agreement; that the consent agreement will be scheduled for consideration by the Commission at a
15 future Open Meeting; and that if further proceedings are necessary, the Division will file a motion
16 requesting that a procedural conference be scheduled.

17 Accordingly, the hearing set to commence on February 22, 2010, should be vacated.

18 IT IS FURTHER ORDERED that the **hearing** scheduled to commence on **February 22,**
19 **2010, is hereby vacated.**

20 IT IS FURTHER ORDERED that in the event further proceedings are necessary, the Division
21 shall file a motion requesting that a procedural conference be scheduled in this matter.

22 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
23 Communications) applies to this proceeding as the matter is now set for public hearing

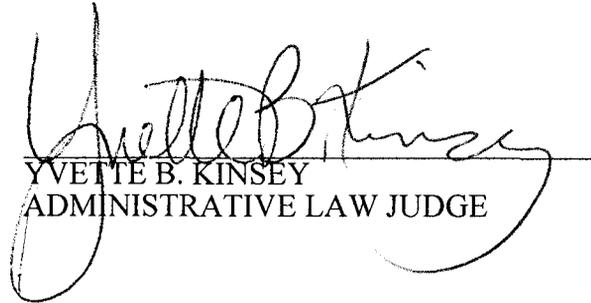
24 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules
25 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to practice of law and admission *pro*
26 *hac vice*.

27 ...

28

1 IT IS FURTHER ORDERED that the presiding Administrative Law Judge may rescind, alter,
2 amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by
3 ruling at hearing.

4 DATED this 19th day of February, 2010.

5
6
7 
8 YVETTE B. KINSEY
ADMINISTRATIVE LAW JUDGE

9 Copies of the foregoing mailed/delivered
10 this 19th day of February, 2010 to:

11 Brian J. Schulman
12 GREENBERG TRAUGIG, LLP
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Attorney for Respondents

14 Matt Neubert, Director
15 Securities Division
16 ARIZONA CORPORATION COMMISSION
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Phoenix, AZ 85007

17 ARIZONA REPORTING SERVICE, INC.
18 2200 North Central Avenue, Suite 502
Phoenix, AZ 85004

19 By: 
20 Debra Broyles
21 Secretary to Yvette B. Kinsey