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BEFORE THE ARIZONA CORPORATI

IN THE MATTER OF:)
)
MORGAN FINANCIAL, L.L.C., an)
Arizona limited liability)
company,)
)
and)
)
JIMMY HARTGRAVES JR. and)
LAURIE HARTGRAVES, husband)
and wife,)
)
RESPONDENTS.)

DOCKET NO.
S-20719A-09-0583

PREHEARING
CONFERENCE

At: Phoenix, Arizona
Date: March 9, 2010
Filed: **MAR 22 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 Hearing Room No. 1 of
4 said Commission, 1200 West Washington Street, Phoenix,
5 Arizona, commencing at 10:00 a.m., on the 9th day of
6 March, 2010.

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9 BEFORE: MARC E. STERN, Administrative Law Judge

10

11 APPEARANCES:

12

13 For the Respondents:

14 KELLER, KELLER & NEWMAN, L.L.P.
15 By: Donald J. Newman, Attorney at Law
16 7330 North 16th Street, Suite C-117
 Phoenix, Arizona 85020

17 For Arizona Corporation Commission Securities Division:

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

21

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

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1 ALJ STERN: Let's go on the record briefly here.

2 This prehearing conference is now open in the
3 matter of Morgan Financial, et al., Docket
4 No. S-20719A-09-0538.

5 My name is Marc Stern. I will preside today, and
6 at this time we will take appearances.

7 On behalf of the Securities Division?

8 MR. HUYNH: Good morning, Judge. Phong Huynh,
9 Staff attorney for the Division.

10 ALJ STERN: And on behalf of the respondents?

11 MR. NEWMAN: Your Honor, John Newman.

12 ALJ STERN: Okay, Mr. Newman.

13 Mr. Huynh, what is the status of this proceeding?

14 MR. HUYNH: Your Honor, Counsel, Mr. Newman and
15 I, have been discussing this case for quite a while now.
16 As part of it -- this case is a registration-only case at
17 this point in time, and as such, my understanding --
18 Mr. Newman can elaborate further -- respondents have
19 actually engaged additional securities counsel to explore
20 additional registration from a federal and/or state level.

21 We have been awaiting some further documentation.
22 As such on our request, or what we have discussed, is to
23 continue this matter for another 45 days to allow the
24 Division and the respondents to further its possible
25 consent talks with these new documents, to allow us to

1 frame more substantive terms to a consent order.

2 ALJ STERN: Okay. Mr. Newman, do you have
3 anything to add to this?

4 MR. NEWMAN: Your Honor, my client -- we engaged
5 Charles Berry as independent securities counsel. He is in
6 the process of preparing a -- I'm going to use the term
7 registration statement. I'm not sure if that is totally
8 accurate, but I'm expecting we should have it this week so
9 we could share it with the Commission for review and
10 tinkering and compliance.

11 So the 45-day extension of this status conference
12 makes sense at this point in time.

13 ALJ STERN: All right. So you just want me to
14 pick a day in about 45 days or, if you would prefer, I
15 could go check some dates right now and clear them with
16 you; it depends on how your scheduling goes.

17 MR. HUYNH: I'm pretty open in that window, Your
18 Honor.

19 MR. NEWMAN: I believe I am, too.

20 ALJ STERN: All right. Then I will do this.
21 Today is March 9th, so we are probably talking somewhere
22 around the end of April or the 1st of May. That should
23 provide you with ample time to review this situation and
24 see what you want to do with this.

25 So I will schedule a status conference in

1 approximately that length of time. If the matter gets
2 resolved in the interim, feel free to contact me, and we
3 will vacate that proceeding.

4 All right. Thank you. That will conclude this
5 proceeding at this time.

6 MR. HUYNH: Thank you.

7 (TIME NOTED: 9:36 a.m.)

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

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7 I, KATE E. BAUMGARTH, RPR, Certified Reporter
 8 No. 50582, for the State of Arizona, do hereby certify
 9 that the foregoing printed pages constitute a full, and
 10 accurate transcript of the proceedings had in the
 11 foregoing matter, all done to the best of my skill and
 12 ability.

13

14 WITNESS my hand this 10th day of March,
 15 2010.

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

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