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1 BE IT REMEMBERED that the above-entitled
2 and numbered matter came on regularly to be heard
3 before the Arizona Corporation Commission in
4 Hearing Room No. 1 of said Commission, 1200 West
5 Washington Street, Phoenix, Arizona, at 9:35
6 a.m., on the 21st day of June, 1999.

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9 BEFORE: MARC E. STERN, Hearing Officer

10 APPEARANCES:

11 For the Securities Division:

12 MS. SHARON A. FOX
13 Attorney at Law
14 1200 West Washington Street
Phoenix, Arizona 85007

15 For Respondent Lowell R. Taylor:

16 TIFFANY & BOSCO, P.A.
17 By Mr. Richard G. Himelrick
18 1850 North Central Avenue, Suite 500
Phoenix, Arizona 85004

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LESLIE COLLINS
Court Reporter

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1 HEARING OFFICER STERN: This prehearing
2 conference is now open in the matter of the
3 offering of securities by James Troy Bredeson,
4 et al., in Docket No. S-03269A-99-0000.

5 My name is Marc Stern. I'll preside over
6 this matter and render a recommended opinion and
7 order, if there is an evidentiary portion of this
8 proceeding.

9 I had a brief off-the-record discussion
10 this morning with counsel for Mr. Taylor, one of
11 the respondents, and Sharon Johnson.

12 MS. FOX: Fox.

13 HEARING OFFICER STERN: Sharon Fox.
14 Sharon Fox is present for the Division. And
15 counsel for the respondent and division have been
16 having some settlement talks with respect to the
17 allegations concerning Mr. Taylor.

18 Why don't we do this: How many witnesses
19 do you think you would have, if we had a hearing
20 involving his client alone?

21 MS. FOX: With his client alone, probably
22 three to four.

23 HEARING OFFICER STERN: And if your
24 client appeared, how many witnesses do you think
25 you would have?

1 MR. HIMELRICK: One or two.

2 HEARING OFFICER STERN: So we're talking
3 about a day hearing, probably?

4 MS. FOX: I would think so.

5 HEARING OFFICER STERN: More likely than
6 not. How much time do you think it might take to
7 go back and forth a little bit to see where
8 you're at in terms of a possible resolution?

9 MS. FOX: Given that I would need to run
10 some figures up the chain, I would say we could
11 probably get to a bottom line in a week or so.

12 HEARING OFFICER STERN: What I'm thinking
13 is I'll take a look at our hearing calendar. I
14 know we have some troubles, I think it's in the
15 month of August, getting to the hearing room.

16 The U S WEST rate case is going to tie up
17 this whole space, so I don't even think we'll be
18 able to split the room. So what I want to do is
19 take a look and see. Your client's in town,
20 right?

21 MR. HIMELRICK: Yes.

22 HEARING OFFICER STERN: And are the
23 witnesses here or out of state for this
24 gentleman? Here?

25 MS. FOX: Here.

1 HEARING OFFICER STERN: Because I was
2 going to say if some are out of state, we've been
3 having pretty good luck using some telephone
4 testimony on some of the securities cases.

5 Let me do this: I'll look at our
6 calendar, if you want me to do it right now, for
7 a hearing date. Or in the alternative, we can do
8 it by procedural order, and I'll put it out far
9 enough that I think -- what would you prefer,
10 that we can do it that way?

11 With vacations and stuff through the
12 summer, I don't know what your schedules are.
13 And I know sometimes witnesswise, that some of
14 them are winter visitors. They're not here in
15 the summer. So I don't know where you're at, so
16 are there any problems that you can see?

17 MS. FOX: For me, given the August month
18 seems to be tied up, July would be problematic at
19 this point, so it looks like we're looking at
20 September for my calendar, and September, I
21 believe the last week I'm not available.

22 HEARING OFFICER STERN: You're not
23 available the last week?

24 MS. FOX: Right.

25 HEARING OFFICER STERN: How about

1 yourself?

2 MR. HIMELRICK: I think September is
3 generally open.

4 HEARING OFFICER STERN: Let me do it this
5 way: I can just grab a calendar real quick, go
6 off the record, and if we can agree upon a date,
7 it will probably be easier to do it that way.

8 So wait a minute. Go off the record.

9 (An off-the-record discussion ensued.)

10 HEARING OFFICER STERN: Let's go back on
11 the record. I found out that the hearing I
12 thought -- it isn't the rate case, it's another
13 U S WEST case, but it's been continued. So we do
14 have some open time in the latter part of August,
15 if you want to schedule in there, or September.
16 It's your pleasure, whichever you'd prefer.

17 MR. HIMELRICK: I'd prefer not to jam us
18 all up and give us a little more lee time, if
19 that's okay with you.

20 HEARING OFFICER STERN: Do you want to go
21 into -- well, I'm looking at around the 1st or
22 2nd of September. That's a Wednesday or a
23 Thursday. I don't want to do it on a Friday,
24 particularly. Monday is Labor Day. Monday the
25 6th is Labor Day.

1 And, well, I have one tentatively
2 scheduled for the 8th and 9th of September. If
3 you either want to do it the week before, we can
4 go with that, very beginning of September or
5 middle of September, I guess we'd sort of end up
6 with.

7 MS. FOX: What about the last week in
8 August?

9 HEARING OFFICER STERN: Last week in
10 August. Let's see. We have an open meeting the
11 24th, 25th. How about the 26th of August?

12 MS. FOX: Is that a Thursday?

13 HEARING OFFICER STERN: That's a
14 Thursday. You know, I don't have anything in the
15 hearing room here. I know I will have a hearing
16 room, and it won't be bad. 26th at 9:30 in the
17 morning.

18 MS. FOX: That's fine with me.

19 MR. HIMELRICK: Okay.

20 HEARING OFFICER STERN: And hopefully, in
21 the meantime, if you get a resolution, just file
22 a motion to continue it indefinitely, pending
23 resolution.

24 And if it doesn't get resolved, you can
25 always request it be reset. All right. August

1 26 at 9:30. Thank you for your time today. That
2 concludes the proceeding.

3 (The proceedings concluded at 9:50 a.m.)

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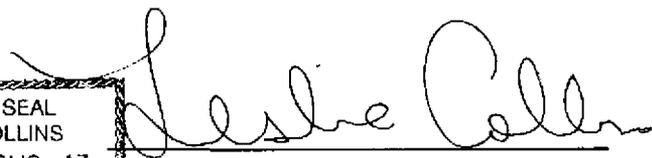
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1 STATE OF ARIZONA)
2) ss.
3 COUNTY OF MARICOPA)
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7 I, LESLIE COLLINS, a notary public in and
8 for the County of Maricopa, State of Arizona, do
9 hereby certify that the foregoing printed pages
10 constitute a full, true, and accurate transcript
11 of the proceedings had in the foregoing matter,
12 all done to the best of my skill and ability.

13
14 WITNESS my hand and seal this 28th day
15 of June, 1999.

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19  LESLIE COLLINS
20 Notary Public

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