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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS:

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

2010 MAY 28 A 11: 53

ARIZONA CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF:

DOCKET NO. S-20600A-08-0340

MARK W. BOSWORTH and LISA A. BOSWORTH, husband and wife;
STEPHEN G. VAN CAMPEN and DIANE V. VAN CAMPEN, husband and wife;
MICHAEL J. SARGENT and PEGGY L. SARGENT, husband and wife;
ROBERT BORNHOLDT and JANE DOE BORNHOLDT, husband and wife;
MARK BOSWORTH & ASSOCIATES, LLC, an Arizona limited liability company;
3 GRINGOS MEXICAN INVESTMENTS, LLC, an Arizona limited liability company;

Arizona Corporation Commission
DOCKETED

MAY 28 2010

DOCKETED BY *MS*

Respondents.

TWELFTH
PROCEDURAL ORDER

BY THE COMMISSION:

On July 3, 2008, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing ("Notice") against Mark W. Bosworth and Lisa A. Bosworth, husband and wife; Stephen G. Van Campen and Diane V. Van Campen, husband and wife; Michael J. Sargent and Peggy L. Sargent, husband and wife; Robert Bornholdt and Jane Doe Bornholdt, husband and wife; Mark Bosworth & Associates, LLC ("MBA"); and 3 Gringos Mexican Investments, LLC ("3GMI") (collectively "Respondents"), in which the Division alleged multiple violations of the Arizona Securities Act ("Act") in connection with the offer and sale of securities in the form of notes and investment contracts.

Respondents were duly served with copies of the Notice. Requests for hearing were filed by all Respondents except 3GMI.

1 On August 18, 2009, at a status conference, the Division, the Van Campen Respondents, and
2 the Sargent Respondents were present with counsel. Mr. Bosworth was present on his own behalf
3 and indicated Mrs. Bosworth would be retaining her own attorney. Counsel for the Division
4 indicated that the Bornholdt Respondents' counsel would not be present because they are attempting
5 to resolve the issues that had been raised in the Notice. After a discussion between the parties, it was
6 determined that a hearing should be scheduled in approximately six months.

7 On August 21, 2009, by Procedural Order, a hearing was scheduled to start on March 15,
8 2010.

9 On February 19, 2010, the Sargent Respondents filed a Motion to Set Settlement Conference
10 and for the Appointment of a Settlement Judge.

11 On February 24, 2010, the Division filed a response arguing that it does believe that a
12 settlement conference will facilitate a settlement with respect to the Sargent Respondents.

13 On February 25, 2010, the Sargent Respondents filed a reply to the Division's response citing
14 the use of settlement judges in both the Superior and Federal Courts, and further argued the need to
15 resolve issues efficiently and economically.

16 On March 1, 2010, by Procedural Order, a status conference was scheduled to review this
17 matter on March 4, 2010.

18 On March 4, 2010, at the status conference, the Division and Mr. Sargent appeared with
19 counsel. Mr. Bosworth appeared on his own behalf and on behalf of MBA and 3GMI. The parties
20 indicated that there are ongoing discussions to resolve the issues that had been raised in the Notice,
21 but that certain matters need to be resolved to conclude their possible settlements in this proceeding.
22 It was further indicated that a brief continuance would facilitate the complete resolution of the
23 proceeding by the parties and the submission of proposed Consent Orders for Commission approval.
24 The Sargent Respondents' counsel pointed out that if he and the Division could not resolve their
25 remaining issues for his clients in 30 days, that he might renew his Motion for the Appointment of a
26 Settlement Judge. At the conclusion of the status conference, the parties agreed to the proceeding
27 being continued to the agreed upon dates in June, if the proceeding was not settled.

28 On March 5, 2010, by Procedural Order, the proceeding was continued to June 7, 2010.

1 On April 28, 2010, the Sargent Respondents filed a Motion to Sever the Commission's
2 proceeding against them from the overall proceeding against the Bosworth Respondents, MBA and
3 3GMI because the Sargents argue that a separate proceeding for them would be simpler and less
4 complex. Further, they argue that severance will promote judicial economy, reduce the risk of
5 prejudice and reduce the economic burden on the Sargents.

6 On May 3, 2010, Respondent Mark W. Bosworth filed his Exhibit and Witness Lists.
7 Additionally, he filed copies of subpoenas to the Commission, the Arizona Department of Real Estate
8 and the Arizona Republic/Republic Media. The subpoenas requested voluminous amounts of
9 documentary information from all three entities without stating any reason for this action.

10 On May 10, 2010, the Division filed Objections and a Motion to Quash Respondent
11 Bosworth's subpoenas. In its response, the Division cited numerous legal arguments including that
12 the requested information sought is overbroad, unduly burdensome, untimely and unnecessary.
13 Further, the Division argued that Respondent was attempting to delay the proceeding beyond the
14 pending hearing date.

15 On May 12, 2010, the Division filed its Response to the Sargent Respondents' Motion to
16 Sever arguing that if it is approved, the matter would be duplicative, wasteful, and that similar
17 evidence would have to be presented if the proceedings were severed.

18 On May 13, 2010, the Sargent Respondents filed a Reply in Support of their Motion to Sever
19 essentially restating their arguments made earlier.

20 On May 18, 2010, the Division filed its Objections and Motion to Quash the Sargent
21 Respondents' First Request for Admissions and Non-Uniform Interrogatories ("First Request") which
22 had been hand-delivered to the Division on May 3, 2010. Therein, the Division argues that the First
23 Request is not supported by fact or law. The Division further argues that the Sargent Respondents
24 "attempt to invoke far-reaching civil discovery rules in this administrative forum is misplaced and
25 must be denied."

26 On May 21, 2010, the Division filed its Objections to Respondent Bosworth's List of
27 Witnesses and Exhibits together with a Motion to Compel Production of Information Regarding
28 Witnesses and Copies of Exhibits or, If Production Is Not Made, To Preclude Admission Into

1 Evidence. The Division, in its filing, argues that it requires the information to prepare for the hearing
2 or the admission of Respondent Bosworth's witness' testimony and related exhibits should be
3 precluded from the proceeding.

4 On May 24, 2010, the Sargent Respondents filed a Response to the Division's May 18, 2010,
5 Motion to Quash citing a number of Commission actions which have found in favor of broad requests
6 for discovery and not for the denial of discovery in administrative proceedings. Additionally, the
7 Sargent Respondents cited the Division's own May 21, 2010, filing seeking discovery with respect to
8 Respondent Bosworth's List of Witnesses and Exhibits.

9 Additionally, on May 24, 2010, the Sargent Respondents filed a Motion for Expedited
10 Procedural Conference and Conditional Motion for Continuance in the event that their Motion to
11 Sever is denied.

12 On May 25, 2010, the Division filed a Motion to Allow Telephonic Testimony. The Division
13 requested approval to allow a former Respondent in this proceeding, Robert Bornholdt, to testify
14 telephonically since he will be out of town at the time the hearing is presently scheduled.

15 On May 26, 2010, the Sargent Respondents filed their Response to the Division's May 25,
16 2010, Motion arguing that the Division's Motion to Allow Telephonic Testimony should be denied
17 because he is a "central witness" whose demeanor, facial expressions and body language should be
18 observed when he testifies.

19 On May 27, 2010, the Division filed a Reply in Support of its Motion to Allow Telephonic
20 Testimony arguing further that Mr. Bornholdt's testimony will be probative and relevant and the
21 Sargent Respondents' due process rights will not be compromised.

22 Upon consideration of the pending Motions, the following Orders should be made: the
23 Sargent Respondents' Motion to Sever should be denied because it would not result in judicial
24 economy or aid in the resolution of the proceeding; the Division's Motion to Quash the Bosworth
25 subpoenas should be granted because they are overbroad, burdensome, untimely, unnecessary, and
26 would unduly delay the proceeding; the Sargent Respondents' First Request should be quashed; the
27 Division's Objections to Respondent Bosworth's List of Witnesses and Exhibits together with a
28 Motion to Compel Production of Information should be taken under advisement at this time; the

1 Sargent Respondents' Motion for Expedited Procedural Conference and Conditional Motion for
2 Continuance should be denied; and the Division's Motion to Allow Telephonic Testimony should be
3 granted. At this time, further delay would result from the granting of these late-filed Motions or the
4 issuance of subpoenas requested by Respondents. If it becomes apparent during the proceeding that a
5 party requires additional time to respond to evidence either due to surprise or a similar situation
6 which requires additional preparation by a party, then a recess may be taken to allow time for
7 preparation by any party to any such evidence.

8 IT IS THEREFORE ORDERED that the Sargent Respondents' Motion to Sever is hereby
9 denied.

10 IT IS FURTHER ORDERED that that the Motion to Quash Respondent Bosworth's
11 Subpoenas to the Commission, the Arizona Department of Real Estate and the Arizona
12 Republic/Republic Media is hereby granted.

13 IT IS FURTHER ORDERED that that the Motion to Quash the Sargent Respondents' First
14 Request for Admissions and Non-Uniform Interrogatories is hereby granted.

15 IT IS FURTHER ORDERED that the Division's Objections to Respondent Bosworth's List
16 of Witnesses and Exhibits together with a Motion to Compel Production of Information shall be taken
17 under advisement.

18 IT IS FURTHER ORDERED that the Motion for Expedited Procedural Conference and
19 Conditional Motion for Continuance by the Sargent Respondents is hereby denied.

20 IT IS THEREFORE ORDERED that the Motion to Allow Telephonic Testimony by the
21 Division is hereby granted.

22 IT IS THEREFORE ORDERED that the **hearing shall be held on June 7, 2010, at 10:00**
23 **a.m.** at the Commission's offices, 1200 West Washington Street, Room 100, Phoenix, Arizona, as
24 previously ordered.

25 IT IS FURTHER ORDERED that the parties shall also **reserve June 8, 9, 10, 11, 23, 24 and**
26 **25, 2010, for additional days of hearing**, if necessary, as previously ordered.

27 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 – Unauthorized
28 Communications) is in effect and shall remain in effect until the Commission's Decision in this

1 matter is final and non-appealable.

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

5 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
6 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
7 Rules of the Arizona Supreme Court). Representation before the Commission includes the obligation
8 to appear at all hearings and procedural conferences, as well as all Open Meetings for which the
9 matter is scheduled for discussion, unless counsel has previously been granted permission to
10 withdraw by the Administrative Law Judge or the Commission.

11 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
12 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

13 Dated this 28th day of May, 2010.

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17 MARC E. STERN
ADMINISTRATIVE LAW JUDGE

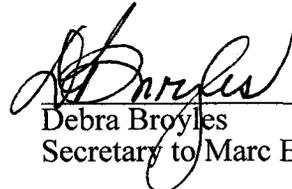
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19 Copies of the foregoing were mailed/delivered
20 this 28th day of May, 2010 to:

21 Mark W. Bosworth
22 Lisa A. Bosworth
23 MARK BOSWORTH & ASSOCIATES, LLC,
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By: 
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Secretary to Marc E. Stern