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BEFORE THE ARIZONA CORPORATION COMMISSION

RESOLVED
AZ CORP COMMISSION Arizona Corporation Commission

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JUN 16 2000

DOCUMENT CONTROL DOCKETED BY



CARL J. KUNASEK
Chairman
JIM IRVIN
Commissioner
WILLIAM A. MUNDELL
Commissioner

In the matter of)
CALUMET SLAG, INC.,)
an Arizona corporation)
13433 N. 16th Avenue)
Phoenix, Arizona 85029)
GARETH N. PATTON)
23769 Blue Lead Mountain Road)
Hill City, South Dakota 57745)
JEFFERY G. CRAWFORD)
1822 N. Barkley)
Mesa, Arizona 85203)
MATTHEW E. HUNZINGER)
13031 N. 59th Drive)
Glendale, Arizona 85304,)
Respondents.)

DOCKET NO. S-03361A-00-0000

**SECURITIES DIVISION'S RESPONSE
TO RESPONDENT CRAWFORD'S
REQUEST FOR PRODUCTION OF
DOCUMENTS**

Pursuant to the Arizona Administrative Procedure Act, A.R.S. §41-1062, the Securities Division (the "Division") of the Arizona Corporation Commission hereby responds to the Request for Production of Documents by respondent Jeffery Crawford (the "Respondent") and produces or otherwise objects to the Request as follows:

Request 1: "[Provide] copies of any and all documents evidencing, establishing or otherwise relating to the offer or sale of any common stock or other security instrument alleged to be a security by the Securities Division in its Notice of Opportunity for hearing dated April 21, 2000. These documents should include, but are not limited to, any offering memoranda, business plans, or other written information regarding Calumet Slag, Inc."

1 Division's Response: Such documents that are currently in the possession of the Division will be
2 provided to the Respondent as requested and are attached hereto as Exhibit "A."

3
4 **Request 2:** "[Provide] copies of any and all memoranda, transcripts or other recordings
5 of any "pitch" or other sales presentation taken by any Securities Division
6 staff member or any other party acting at its direction from any respondent
7 that purportedly relates to the offer and sale of common stock or other
instrument alleged to be a security by the Securities Division in its April 21,
2000 Notice of Opportunity for Hearing."

8 Division's Response: No "pitch" documents, memoranda or other similar transcripts are in the
9 possession of the Division and accordingly, the Division will not produce such items.

10
11 **Request 3:** "[Provide] copies of any and all documents evidencing or otherwise tending
12 to establish the flow of any monies allegedly paid as consideration for the
13 purchase of common stock in Calumet Slag, Inc. as alleged in the April 21,
14 2000 Notice of Opportunity for Hearing or otherwise. These documents
15 should include, but not be limited to, all bank account statements and all
debit and/or credit items obtained by the Securities Division and any
"Sources and Uses" analysis performed by any Securities Division staff
member.

16
17 Division's Response: The Division will provide the Respondent with evidence of the flow of
18 monies paid as consideration for Calumet stock through the production of copies of bank
19 statements from the Respondent's own bank account(s) obtained through the course of the
20 Division's investigation. (Because of confidentiality concerns, each other respondent receiving
21 this Response will only receive the bank statements pertaining to their own accounts).
22 Depending on the respondent receiving bank statements pursuant to this request, this production
23 will include either Respondent's bank statements at Norwest Bank, respondent Patton's bank
24 statements at First Interstate Bank and Black Hills Federal Credit Union, respondent Hunzinger's
25 bank statements at Arizona Central Credit Union, or respondent Calumet Slag's bank statements
26

1 at Desert Schools Federal Credit Union. The appropriate documents are attached hereto as
2 Exhibit "B."

3 The individual debit and credit items from Respondents' bank accounts accumulated by
4 the Division over the past year are voluminous, and making copies of all such items would
5 require many hours of copying work and would otherwise impose a financial burden on the
6 Division. For this reason, these documents will not be provided as part of this disclosure. *See*
7 *Rule 26.1, Arizona Rules of Civil Procedure* (discovery request inappropriate where discovery is
8 unduly burdensome or expensive). Nevertheless, if the Respondent would like to inspect or
9 make copies of these items, the Division will make these items available for inspection and/or
10 copying at any time that is mutually acceptable for the Respondent and the Division. This
11 inspection or copying session may be restricted due to confidentiality concerns as they pertain to
12 the financial records of the other respondents.
13

14 A "Source and Use" report on the funds deposited and expended by the Respondents over
15 the time period in question will not be prepared in this matter and consequently, such a report
16 will not be provided in this disclosure.
17

18 **Request 4: "[Provide] copies of any and all documents memorializing or otherwise**
19 **recording the statements, impressions or recollections of any individual**
20 **alleged to have purchased any security issued by Calumet Slag, Inc., or any**
21 **witness that the Division contemplates calling as a witness in the herein**
22 **matter."**

23 Division's Response: With regard to certain questionnaires in the Division's possession
24 completed directly by investors, these documents will be provided to the Respondent as
25 requested subject to minor redaction to protect confidential personal information. These
26 documents are attached hereto as Exhibit "C."

1 The Division objects to Request No. 4 insofar as it requests memoranda from the Division
2 reflecting interviews with investors and/or potential witnesses. These documents were prepared
3 by attorneys or other related investigative staff following interviews or discussions with investors
4 in Calumet Slag, and such memoranda contain attorney or investigator interpretations and/or
5 mental impressions of the investors' investment experiences with Calumet Slag. Further, these
6 interviews/discussions were conducted in preparation for the filing of the Notice of Opportunity
7 in this matter. As such, these documents are work product materials made in preparation for
8 litigation by the Division and are consequently protected from discovery by the work product
9 privilege. *See, e.g., Brown v. Superior Court In and For Maricopa County*, 137 Ariz. 327 (1983)
10 (purpose of work product privilege is to permit attorneys and their agents to adequately prepare
11 for litigation without the fear that the results of their own efforts will be available to their
12 opponents through discovery).

14 **Request 5: "[Provide] copies of any and all materials which the Securities Division may
15 offer as an exhibit(s) at hearing in this matter."**

16
17 Division Response: The Division has yet to formalize a comprehensive Exhibit list in this
18 matter. The Division will produce a complete set of exhibits to the Respondent prior to the
19 scheduled hearing date.

20
21 **Request 6: "[Provide copies of any and all Stock Transfer Ledgers, Stockholder Lists or
22 other document(s) identifying the shareholders of Calumet Slag, Inc.]"**

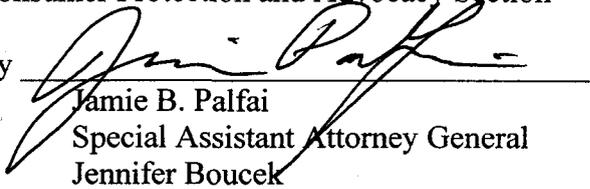
23 Division Response: The Division is not in possession of any Stock Transfer Ledgers of
24 Calumet Slag, and consequently is unable to provide to the Respondent any such document.
25 However, the Division will provide the Respondent with a Calumet stockholder list in its
26

1 possession constructed by an interim treasurer of Calumet Slag, Mr. Walter Foley. This
2 shareholder list is attached hereto as Exhibit "D."

3 A more recent stockholder listing constructed by the assigned investigator in this case by
4 comparing multiple resources will not be disclosed at this time as it was prepared in preparation
5 for possible litigation as is protected by both an investigative and work product privilege. See
6 *Brown, supra*. This item will be disclosed if and when it is designated as an exhibit in this case.

7 RESPECTFULLY SUBMITTED this 16th day of June, 2000.

9 JANET NAPOLITANO
10 Attorney General
11 Consumer Protection and Advocacy Section

12 By 
13 Jamie B. Palfai
14 Special Assistant Attorney General
15 Jennifer Boucek
16 Assistant Attorney General
17 Attorneys for the Securities Division of the
18 Arizona Corporation Commission

19
20
21
22 ORIGINAL AND TEN (10) COPIES of the foregoing
23 (without exhibits) filed this 16th day of June, 2000, with

24 Docket Control
25 Arizona Corporation Commission
26 1200 West Washington
Phoenix, AZ 85007

1 COPY of the foregoing (without exhibits)
2 hand-delivered this 16th day of June, 2000, to:

3 Mr. Marc Stern
4 Hearing Officer
5 Arizona Corporation Commission/Hearing Division
6 1200 West Washington
7 Phoenix, AZ 85007

8 COPY of the foregoing mailed or made available
9 this 16th day of June, 2000, to:

10 John R. Augustine, Jr., Esq.
11 JOHN R. AUGUSTINE, JR., P.C.
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13 2727 North Third Street
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22 Michael Salcido, Esq.
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26 Attorney for Respondent Patton

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2425 East Camelback Road, Suite 1020
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Attorney for Respondent Calumet Slag, Inc.

23
24 By  _____