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2010 SEP 21 A 9:17

Arizona Corporation Commission  
DOCKETED

SEP 21 2010

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

DOCKETED BY

BEFORE THE STATE OF ARIZONA CORPORATION COMMISSION

STATE OF ARIZONA

In the matter of	)	DOCKET NO. S-20755A-10-0342
FIVE STAR CAPITAL MARKETS, LLC, A	)	<b>ANSWER TO NOTICE OF OPPORTUNITY</b>
Nevada Limited Liability company	)	<b>FOR HEARING REGARDING PROPOSED</b>
	)	<b>ORDER TO CEASE AND DESIST, ORDER</b>
JAMES PICCOLO and MARY ELIZABETH	)	<b>FOR RESTITUTION, ORDER FOR</b>
PICCOLO, husband and wife	)	<b>REVOCATION, ORDER FOR</b>
	)	<b>ADMINISTRATIVE PENALTIES AND</b>
CRAIG COTTRELL, CRD# 4552833, and	)	<b>AND FOR OTHER AFFIRMATIVE ACTION</b>
ANDREA COTTRELL, husband and wife,	)	
	)	
CHARLEVOIX HOMES, LLC, an Arizona	)	
limited Liability company.	)	
	)	
and	)	
	)	
MICHAEL ROBERTS, an unmarried man,	)	
	)	
Respondents.	)	

Pursuant to A.A.C.R 14-4-305, Respondents Charlevoix Homes, LLC, and Michael Roberts file the following Answer to the notice of Opportunity for Hearing Regarding the Proposed Order to Cease and Desist, Order for Restitution, Order for Revocation, Order for Administrative Penalties, and for other Affirmative Action. Unless otherwise indicated below, Charlevoix

Homes, LLC, and Michael Roberts are collectively referred to below as "the Respondents". The Numbered paragraphs below correspond to the numbers paragraph of the Notice.

I.

**JURISDICTION**

1. The Respondents admit the jurisdiction is proper before the Arizona Corporation Commission ("the Commission").

II.

**RESPONDENTS**

2. The Respondents admit that Charlevoix Homes, LLC is a Arizona limited liability Company. We also note that Charlevoix Homes has filed Bankruptcy and that the trustee for the Court, Tony Mason is presiding over current matters. The respondents deny the remaining allegations of this paragraph.

3. The respondents admit that Michael Roberts is a resident of Scottsdale, Arizona And that he presided over Charlevoix Homes. The records of the Commission speak for Themselves; therefore, no response is necessary. The respondents deny the remaining allegations of this paragraph.

4. The respondents are without knowledge or information sufficient to form a belief as to the truth of the allegations, and therefore deny them.

5. The respondents are without knowledge or information sufficient to form a belief as to the truth of the allegations, and therefore deny them.

6. The respondents are without knowledge or information sufficient to form a belief as

to the truth of the allegations, and therefore deny them. MICHAEL ROBERTS was the sole  
MANAGER / Member of CHARLEVOIX

7. The respondents are without knowledge or information sufficient to form a belief as to the truth of the allegations, and therefore deny them. The production of documents were manifested by various Attorneys and Company Employees for which, in most cases, Replicated or stamped signatures were used and Michael Roberts did not review them.

8. The paragraph does not contain any allegations and therefore no response is required.

9. The paragraph does not contain any allegations and therefore no response is required.

10. The paragraph does not contain any allegations and therefore no response is required.

### III.

#### FACTS

11. Respondent believes this to be true.

12. The paragraph does not contain any allegations and therefore no response is required.

13. The paragraph does not contain any allegations and therefore no response is required.

14. Charlevoix Homes was involved in many communities more information would be needed to determine the reference of this allegation.

15. The paragraph does not contain any allegations and therefore no response is required.

16. The paragraph does not contain any allegations and therefore no response is required.

17. The Charlevoix Notes speak for themselves.

18. The respondent recalls no such e-mail but relies on the E-Mail to speak for itself.

19. The respondent recalls no such e-mail but relies on the E-Mail to speak for itself.

20. The respondents are without knowledge or information sufficient to form a belief as to the truth of the allegations, and therefore deny them.

21. The respondents are without knowledge or information sufficient to form a belief as to the truth of the allegations, and therefore deny them.

22. The terms of the Loan Agreement speak for themselves.

23. Respondents did prepare a deed of trust. It was prepared by Heidi Thompson, CFO of Charlevoix Homes. It was signed by Michael Roberts and notarized by Heidi Thompson. Deeds were delivered to Five Star as requested.

24. Notes were signed by Michael Roberts who provided on behalf of Charlevoix Homes, to which Respondent was 100 percent owner.

25. The respondents are without knowledge or information sufficient to form a belief as to the truth of the allegations, and therefore deny them.

26. The paragraph does not contain any allegations and therefore no response is required.

27. The respondent admits this to be true with respect to respondent. Respondent as owner was not required to have license.

28. The paragraph does not contain any allegations and therefore no response is required.

29. The respondents are without knowledge or information sufficient to form a belief as to the truth of the allegations, and therefore deny them.

IV.

VIOLATION OF A.R.S. { 44-1841

(Offer or sale unregistered securities)

30. The Respondents deny the allegations contained in this paragraph.

31. The Respondents deny the allegations contained in this paragraph.

32. The Respondents deny the allegations contained in this paragraph.

V.

(Transactions by Unregistered Dealers or salesmen)

33. The Respondents deny the allegations contained in this paragraph.

34. The paragraph does not contain any allegations and therefore no response is required.

35. The Respondents deny the allegations contained in this paragraph.

VI.

**VIOLATION OF A.R.S. } 44-1991**

**(Fraud in Connection with the Offer and Sale of Securities)**

36. The Respondents deny the allegations contained in this paragraph.

a) The paragraph does not contain any allegations and therefore no response is required.

b) Respondents did prepare a deed of trust. It was prepared by Heidi Thompson, CFO of Charlevoix Homes. It was signed by Michael Roberts and notarized by Heidi Thompson. Deeds were delivered to Five Star as requested.

37. The Respondents deny the allegations contained in this paragraph.

38. The paragraph does not contain any allegations and therefore no response is required.

39. The Respondents deny the allegations contained in this paragraph.

VII.

**REMEDIES PURSUANT TO A.R.S. { 44-1962**

**(Denial, Revocation, or Suspension of Salesman; Restitution, Penalties, OR OTHER Affirmative Action)**

40. The paragraph does not contain any allegations and therefore no response is required.

a) The paragraph does not contain any allegations and therefore no response is required.

b) The paragraph does not contain any allegations and therefore no response is required.

41. The paragraph does not contain any allegations and therefore no response is required.

#### VIII.

#### **REQUESTED RELIEF**

The Respondents request that the Commission grant the following relief

- A. Dismiss the Notice in its entirety;
- B. Deny the Division's request relief in its entirety; and
- C. Order any other relief that the Commission deems appropriate.

#### IX.

#### **GENERAL DENIAL**

42. The Respondents deny each and every allegation of the Notice not specifically admitted herein.

X.

**AFFIRMATIVE ACTION**

43. For additional defenses, both affirmative and otherwise, the Respondents allege the following:

- a. The Notice fails to set forth facts sufficient to constitute any viable causes of action against respondents.
- b. The Respondents acted in good faith and with due diligence in all aspects of the issues raised in the Notice.
- c. The improper conduct, if any, as alleged in the notice, was caused by the actions or inactions of a person or entity other than the respondent.
- d. The subject securities were exempt from Registration.
- e. The respondent as an owner was not required to have a securities license.
- f. The respondents relied in good faith upon legal counsel, both internal and external, regarding all aspects of the issues raised in the Notice.
- g. The respondents reserve the right to amend this section to add additional affirmative defenses as the facts and evidence are uncovered.

DATED this \_\_\_\_\_ day of September, 2010

MICHAEL ROBERTS

By 

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PMB #213  
Scottsdale, Arizona 85255  
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ORIGINAL of the foregoing hand-delivered  
this \_\_\_ day of September, 2010 with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Copy of the foregoing hand-delivered  
this \_\_\_\_\_ day September 2010 to:

Wendy Coy  
Senior Counsel  
Arizona Securities Division  
1300 West Washington Street, Third Floor  
Phoenix, Arizona 85007

Copy of the foregoing electronically delivered  
This 20<sup>th</sup> day of September 2010 to:

Jeff Matura  
Via electronic mail: JMatura@gbmlawpc.com