



0000121048

# NEW APPLICATION

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

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AZ CORP COMMISSION  
DOCKET CONTROL

In the matter of:  
ARTHUR BRENT PAYNE and CAROLYN L. PAYNE, husband and wife,  
MICHAEL RICHARD OLSON, and JANE DOE OLSON, husband and wife,  
STEEPLE ROCK FUNDING, L.L.C., an Arizona limited liability company,  
GRANITE LOAN FUND, L.L.C., an Arizona limited liability company,  
Respondents.

DOCKET NO. S-20772A-10-0489

**TEMPORARY ORDER TO CEASE AND DESIST AND NOTICE OF OPPORTUNITY FOR HEARING**

**NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY**  
**EACH RESPONDENT HAS 20 DAYS TO REQUEST A HEARING**  
**EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that Respondents ARTHUR BRENT PAYNE, MICHAEL RICHARD OLSON, STEEPLE ROCK FUNDING, L.L.C., and GRANITE LOAN FUND, L.L.C., are engaging in or are about to engage in acts and practices that constitute violations of A.R.S. § 44-1801, *et seq.*, the Arizona Securities Act ("Securities Act"), and that the public welfare requires immediate action.

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Arizona Corporation Commission  
**DOCKETED**

DEC 10 2010

DOCKETED BY

1 I.

2 JURISDICTION

3 1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
4 Arizona Constitution and the Securities Act.

5 II.

6 RESPONDENTS

7 2. At all times relevant, Respondent ARTHUR BRENT PAYNE ("PAYNE") has been a  
8 married man and a Gilbert, Arizona resident. At all times relevant, PAYNE has been offering and/or  
9 selling the investments discussed below within and from Arizona in his individual capacity and on  
10 behalf of Respondents: (a) STEEPLE ROCK FUNDING, L.L.C. ("SRF") as its "Responsible  
11 Individual," co-manager, co-owner and investment salesman; and (b) GRANITE LOAN FUND,  
12 L.L.C. ("GLF") as its co-manager, co-owner and investment salesman. PAYNE is a loan originator  
13 licensed by the Arizona Department of Financial Institutions ("Arizona DFI"), #LO-0916743.  
14 PAYNE is also a real estate broker licensed by the Arizona Department of Real Estate ("Arizona  
15 DRE"), #BR005766000. PAYNE has not been registered by the Commission as a securities  
16 salesman or dealer.

17 3. At all times relevant, Respondent MICHAEL RICHARD OLSON ("OLSON") has  
18 been a married man and an Arizona resident. At all times relevant, OLSON has been offering and/or  
19 selling the investments discussed below within and from Arizona in his individual capacity and on  
20 behalf of: (a) SRF as its co-manager, co-owner and investment salesman; and (b) GLF as its co-  
21 manager, co-owner and investment salesman. OLSON is a loan originator licensed by the Arizona  
22 DFI, #LO-0912967. From August 16, 2006, to the present, OLSON has been a real estate  
23 salesperson licensed with the Arizona DRE, #SA565031000. From July 29, 1999, to April 19,  
24 2006, OLSON was also registered by the Commission as a securities salesman, CRD#3242663.  
25 From April 20, 2006, to the present, OLSON has not been registered by the Commission as a  
26 securities salesman or dealer.

1           4.       SRF was organized by PAYNE and OLSON as a manager-managed Arizona limited  
2 liability company on December 23, 2009. SRF's managing members are: (a) Payne Resources, Inc.,  
3 an Arizona corporation formed, owned, and controlled by PAYNE and his spouse as its president/chief  
4 executive officer and secretary respectively ("Payne Resources");<sup>1</sup> and (b) Michael R. Olson, P.L.L.C.,  
5 a member-managed, Arizona professional limited liability company formed, owned, and controlled by  
6 OLSON as its sole member. At all times relevant, SRF has maintained its principal place of business  
7 in Gilbert, Arizona, and it has been offering and/or selling the investments discussed below within or  
8 from Arizona on its own behalf and on behalf of GLF as its managing member. SRF is a mortgage  
9 broker licensed with the Arizona DFI, #MB-0913524. SRF has not been registered by the  
10 Commission as a securities dealer.

11           5.       GLF was organized by PAYNE and OLSON as a manager-managed Arizona limited  
12 liability company on October 15, 2010. At all times relevant, GLF maintained its principal place of  
13 business in Gilbert, Arizona, and it issued and/or sold the investments discussed below within or from  
14 Arizona. GLF has not been registered by the Commission as a securities dealer.

15           6.       PAYNE, OLSON, GLF and SRF may be referred to as "Respondent(s)."

16           7.       At all times relevant, Respondent CAROLYN L. PAYNE has been the spouse of  
17 PAYNE. At all times relevant, Respondent JANE DOE OLSON has been the spouse of OLSON.  
18 CAROLYN L. PAYNE and JANE DOE OLSON may be referred to as "Respondent Spouse(s)."  
19 Respondent Spouses are joined in this action under A.R.S. § 44-2031(C) solely for purposes of  
20 determining the liability of their marital communities with PAYNE and OLSON.

21           8.       At all relevant times, PAYNE and OLSON have been acting for their own benefit and  
22 for the benefit or in furtherance of their marital communities with Respondent Spouses.

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<sup>1</sup> Payne Resources is also licensed by the Arizona DRE as a "Real Estate Corporation," #CO000857000,  
with PAYNE serving as its "Designated Broker."

III.  
FACTS

A. Respondents' Loan Business

9. At all times relevant, Respondents have been representing to offerees and investors that Respondents are engaged in the business of underwriting, originating and servicing short-term real estate loans ("Loan(s)") to fund investor/borrower purchases of low priced, distressed, often foreclosed and unoccupied Arizona residential real estate including, for instance, REOs and properties available via trustee foreclosure and short sales (the "Real Estate").<sup>2</sup>

10. As generally explained on the "about us" page of Respondents' website at [www.steeplerockfunding.com](http://www.steeplerockfunding.com) ("Website"):

Steeple Rock Funding, LLC was formed in 2009 by Brent Payne and Mike Olson to address the capital requirements of investors in the Arizona real estate market.

Our company provides short-term acquisition funds secured by first deeds of trust on non-owner occupied residential properties in Arizona. We specialize in next-day funding of trustee's sale purchases and other acquisitions with short closing time frames, while providing a high level of performance-based customer service to our borrowers.

The successful operation of our business is dependent upon funding provided by investors whose funds support the loans we make...

Steeple Rock Funding is a licensed Arizona mortgage broker, and both Brent Payne and Mike Olson are licensed Arizona mortgage loan originators. We invite you to contact us and look forward to working with you to create successful transactions and investments.

11. At all times relevant, Respondents have been representing to offerees and investors that:

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<sup>2</sup> "REO" is an acronym for "Real Estate Owned." REOs generally are bank or lender owned properties acquired via the foreclosure process, and listed for sale. A "short sale" generally involves the sale of Real Estate for a price less than the balance owed by the owner/borrower to his or her secured lender. In Arizona, home loans are also often secured by "deeds of trust" under which the borrower (trustor) transfers conditional title to the secured Real Estate to a third-party "trustee." In the event of borrower default, deeds of trust often grant the trustee authority to sell the secured Real Estate via a "trustee's sale" to satisfy often only a portion of the outstanding loan balance, in a commercially reasonable manner and without the need for court or judicial approval.

- 1           A.     The Arizona Real Estate market has experienced significant price and sales volume  
2                 declines, and a dramatic “resetting” of property values;
- 3           B.     The high rate of foreclosures has created opportunities for those who purchase  
4                 foreclosed homes with the intent to rehabilitate and resell the Real Estate  
5                 (“Borrower(s)”);
- 6           C.     The “rehabbed home” is in a strong “low cost” competitive market position relative  
7                 to a new home offering by a traditional homebuilder;
- 8           D.     Traditional bank financing is generally not available to the Borrowers – financing is  
9                 occurring through all equity transactions or equity supplemented by borrowing from  
10                private and/or hard-money lenders like Respondents;
- 11          E.     Due to the relatively short-term nature of the Loans (generally ninety to one hundred  
12                 twenty days), the Borrowers are willing and can pay a relatively high rate of interest,  
13                 while maintaining a good profit margin;
- 14          F.     SRF and/or GLF offer capital to the Borrowers in the residential foreclosure market  
15                 by extending short-term Loans secured by first deeds of trust; and,
- 16          G.     An investment in, for instance, GLF creates the opportunity for investors to  
17                 participate in the foreclosure market without the Borrower issues that occur with  
18                 active property management and ownership.

19          **B.     Loan Terms and Conditions**

20           12.    The Loans have a presumptive six month maturity or due date. Borrowers may  
21                 apply for three- or six-month extensions to repay the Loans, declined or granted at Respondents'  
22                 discretion.

23           13.    The average principal Loan amount is \$120,000.

24           14.    Loan interest rates generally range from fifteen to eighteen percent, and Borrowers  
25                 may make interest only payments to Respondents during the Loan term. According to the Website,  
26

1 the Loans have no prepayment penalties, but a Borrower must generally pay Respondents at least  
2 thirty days worth of interest and a \$1,100 "loan fee."

3 15. Respondents generally require a Borrower to pay a minimum of twenty percent of  
4 the Real Estate purchase price up front. According to the Website, the Loans are subject to a  
5 maximum seventy percent Loan to Real Estate value ratio ("LTV Ratio"), and/or an eighty percent  
6 Loan to Real Estate acquisition cost ratio ("LTAC Ratio").

7 **C. The GLF and Customized Investments**

8 16. From at least November 2010 to the present, Respondents have been representing to  
9 offerees and investors that they are raising a "pool" of capital to fund the Loans by offering and/or  
10 selling two types of investments, including: (a) limited liability company membership interests in  
11 GLF (the "GLF Investment(s)"); and (b) investments in a "Customized Single-Investor Fund" (the  
12 "Customized Investment(s)").

13 17. At all times relevant, Respondents have been representing to offerees and investors  
14 that they will use the GLF and Customized Investment funds to fund the Loans.

15 18. The GLF and Customized Investments have not been registered with the  
16 Commission as securities to be offered or sold within or from Arizona.

17 **D. Respondents' Advertising and/or Solicitation for GLF and Customized**  
18 **Investment Investors**

19 19. At all times relevant, Respondents have been publicly advertising and/or engaging in  
20 a general solicitation for GLF and Customized Investment investors, in part, via their Website that  
21 includes a page titled "Granite Loan Fund" (the "GLF Page"). The GLF Page includes SRF's  
22 corporate logo, and provides PAYNE and OLSON's telephone numbers and email addresses.

23 20. The GLF Page states, in part, that: (a) the GLF Investments offer "an investment  
24 opportunity in secured first deeds of trust on non-owner occupied residential properties in the state  
25 of Arizona;" (b) Respondents "provide exceptional investment returns" to their GLF Investment  
26 investors, "while maintaining a prudent 'margin of safety' ...;" (c) Respondents' Loan Borrowers

1 have historically low default rates; and (d) that the GLF Investments and related Loans will be  
2 managed by Respondents' "[s]easoned management team."

3 **The First Potential Arizona Investor**

4 21. On or about November 26, 2010, a potential Arizona investor (the "First PAI")  
5 viewed the GLF Page from Arizona, and requested additional information regarding the GLF  
6 Investments by completing and submitting a form on the Website's "Contact Us" page.

7 22. In response, OLSON sent an email to the First PAI on November 26, 2010 (the  
8 "First OLSON Email"), that included an attached "Executive Summary" regarding Respondents'  
9 "Secured Residential Trust Deed Investment Program," and stated, in part:

10 Thanks for your interest in the Granite Loan Fund sponsored by Steeple Rock  
11 Funding, L.L.C. Enclosed is a brief summary outlining our business model and  
12 investment rationale. Please provide your mailing address and I will mail to you our  
complete private placement documents for review.

13 23. The Executive Summary provides a summary of Respondents' Loan and related  
14 investment strategies, and includes:

- 15 A. A one page document titled "Investment Vehicles" describing the benefits of  
16 purchasing the GLF and Customized Investments (the "Prospectus"); and  
17 B. A one page spreadsheet titled SRF "Schedule of Projected Investor Returns"  
18 detailing possible annual investment returns and/or investor profit distributions  
19 ranging from \$8,000 to \$11,040 per \$100,000 of purchased GLF and/or Customized  
20 Investments depending on a variety of Loan factors and investor capital utilizations  
21 (the "Schedule").

22 24. The Prospectus states that the GLF and Customized Investments are suitable for  
23 "accredited investors." The First PAI is not accredited.

24 25. On November 29, 2009, the First PAI responded to the First OLSON Email by  
25 providing OLSON with an Arizona mailing address to which he could mail the "private placement  
26 documents."

1           26. In response, OLSON sent the First PAI an email on November 29, 2010, requesting  
2 the First PAI to confirm that he was an accredited investor, “generally defined as having a net  
3 worth that exceeds \$1 MM, exclusive of home, home furnishings and automobiles, or individual  
4 income from all sources in excess of \$200,000 in each of the two most recent years.” (emphasis in  
5 original). On November 30, 2010, the First PAI sent OLSON an email stating that the First PAI  
6 met the requirements for being an accredited investor.

7           27. In response, OLSON mailed to the First PAI a letter signed by OLSON dated  
8 November 30, 2010, written on SRF letterhead that urges the First PAI to complete the enclosed  
9 GLF Investment “Subscription Agreement” and GLF “Capital Member Signature Page,” and to  
10 return said documents to Respondents for processing (the “First Solicitation Letter”).

11           28. The First Solicitation Letter further states:

12           We thank you in advance for considering an investment in Granite Loan Fund, and  
13 upon completion of the subscription documents and [by providing us with]  
14 investment funds, we look forward to communicating with you regularly when  
quarterly distributions from the fund are processed and disbursed.

15           29. The First Solicitation Letter includes, without limitation:

16           A. A tri-fold, six sided color brochure titled “Granite Loan Fund” that further describes  
17 Respondents' Loan and related investment strategies, and the benefits of purchasing  
18 the GLF Investments (the “Brochure”); and

19           B. A fourteen page GLF Investment “Private Offering Summary” dated November 1,  
20 2010, numbered “Document #11-30” (the “GLF PPM”), and related attachments  
21 including: (a) two copies of an eleven page Subscription Agreement for GLF  
22 Membership Interests and Special Limited Power of Attorney (the “GLF  
23 Subscription Agreement”); (b) PAYNE and OLSON biographies; (c) a twenty five  
24 page GLF Operating Agreement (the “GLF Operating Agreement”), and related  
25 attachments including a proposed use of investor funds summary, and copy of the  
26 Schedule; (d) a set of "SUBSCRIPTION INSTRUCTIONS (the “Instructions”); and  
(e) two copies of the GLF Operating Agreement “Capital Member Signature Page.”

1 These solicitation materials were received by the First PAI on or about December 3, 2010.

2 **The Second Potential Arizona Investor**

3 30. In another case, PAYNE drafted, signed, and mailed a one-page letter written on  
4 SRF letterhead on or about November 10, 2010, to an Arizona resident regarding Respondents'  
5 "Secured Residential Trust Deed Investment Program" (the "Second Solicitation Letter"). This  
6 Arizona resident (the "Second PAI") was previously unaware of Respondents' Loan business, and  
7 he did not request the Second Solicitation Letter.

8 31. Enclosed with the Second Solicitation Letter were, without limitation, the: (a)  
9 Executive Summary; (b) Prospectus; (c) Schedule; and (d) Brochure.

10 32. The Second Solicitation Letter explained that Respondents' "Secured Short-Term  
11 Residential Trust Deed Investment Program" offered investors: (a) "safety of capital;" (b)  
12 "attractive investment yields;" and (c) "regular earnings distributions – all without the  
13 operation headaches of property ownership." (emphasis in original). The Second Solicitation  
14 Letter offered to provide the Second PAI with a copy of a GLF and/or Customized PPM, and  
15 thanked the Second PAI for his "potential interest" in purchasing one of Respondents' investments.

16 **E. The GLF and Customized Investment Offering and Terms**

17 33. The Executive Summary, Brochure and Schedule set forth that investors can earn  
18 "[o]utstanding" and "exceptional" returns by purchasing the GLF and Customized Investments  
19 through profit distributions projected to equal approximately eight to eleven percent of their  
20 principal investments (the "Projected Profit(s)").

21 34. The GLF PPM, Prospectus and Brochure state that Respondents: (a) are offering  
22 and/or selling four hundred (400) separate GLF Investments costing \$25,000 each, for a total GLF  
23 Investment Offering of \$10,000,000; (b) that an investor must purchase a minimum of four GLF  
24 Investments totaling \$100,000; and (c) that Respondents will disburse the Projected Profits to GLF  
25 Investment investors on a quarterly basis.

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1           35.    The Solicitation Letter and Prospectus state that the Customized Investments cost a  
2 minimum of \$1,000,000 each, and provide investors with quarterly distributions of the Projected  
3 Profits.

4           36.    The Prospectus further states that the GLF and Customized Investments provide  
5 investors with: (a) an “excellent alternative to fixed income investments;” (b) the opportunity to  
6 “[s]afely participate” in the Real Estate foreclosure market without the related ““operational  
7 headaches;”” (c) a relatively high degree of liquidity given the generally short six month Loan  
8 terms, and resulting regular turnover of investment funds; and (d) a “[p]rudent ‘margin of safety’”  
9 due to “[h]istorically low [Loan] borrower default rates” and the fact the investments are managed  
10 by a “[s]easoned team.”

11           37.    According to the Brochure, the Loans are “originated and underwritten” by SRF,  
12 and “self-serviced” by GLF with SRF acting as its managing member.

13           38.    The GLF PPM, Operating Agreement and related GLF Investment solicitation  
14 materials discussed above state that Respondents will use investor money to fund Loans  
15 documented by promissory notes executed by Borrowers in favor of GLF, and secured by the Real  
16 Estate purchased by Loan Borrowers. These documents further indicate that to create and perfect  
17 their first position security interests in the Real Estate, Respondents will prepare deeds of trust and  
18 related documents executed by Borrowers in favor of GLF and recorded in the county where each  
19 piece of Real Estate is located. Respondents’ Loan and Real Estate securitization documents may  
20 be referred to collectively as the “DOT(s).” The GLF and Customized Investment solicitation  
21 materials discussed above indicate that the Customized Investments will be similarly secured.

22           39.    The Prospectus and GLF PPM also state that GLF Investment investors can request  
23 the withdrawal of their principal investment funds after a one-year “[f]und lock-up” period on a  
24 reasonable “funds available” basis.

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1           40.     The Brochure and Prospectus state that Respondents intend to operate GLF, and  
2 manage its Loans and Investments for a period of approximately five years, or until December 31,  
3 2015, at which time Respondents may elect to wind down GLF's business operations.

4           41.     According to the GLF Subscription Agreement and Instructions, an investor can  
5 purchase a GLF Investment by: (a) executing the GLF Subscription Agreement before a notary  
6 public, and providing the investor's name and address; (b) executing the GLF Capital Member  
7 Signature Page acknowledging the investor's receipt and acceptance of the GLF Operating  
8 Agreement; (c) making a check payable to GLF in the amount of the number of purchased GLF  
9 Investments; and (d) delivering these documents and investor funds to Respondents at their Gilbert,  
10 Arizona, business address. The GLF and Customized Investment solicitation materials discussed  
11 above indicate that the Customized Investments can be purchased in a similar fashion.

12           **F.     General GLF and Customized Investment Allegations**

13           42.     At all times relevant, Respondents have been representing to offerees and investors  
14 that Respondents will manage the essential elements of the Loans and, without limitation: (a) select  
15 and procure "suitably qualified" Borrowers in part, via Respondents' Website; (b) analyze and  
16 value Real Estate collateral using, without limitation, the "Comparable Properties" analysis feature  
17 provided by the Arizona Regional Multiple Listing Service, and by physically inspecting the Real  
18 Estate; (c) negotiate Loan terms and conditions, and compute LTV and LTAC Ratios; (d) perform  
19 various Loan underwriting and/or due diligence tasks such as ensuring that the Real Estate is  
20 insured by casualty and fire insurance and that tax payments are current, and by procuring title  
21 insurance and/or reports; (e) prepare and record DOTs executed by Borrowers; (f) process  
22 Borrower payments and service the Loans by, for example, issuing Loan payoff statements; and (g)  
23 foreclose, manage and sell Real Estate in the event of Borrower default.

24           43.     The GLF PPM further states that Respondents will provide GLF Investment  
25 investors with "[q]uarterly reporting" that outlines key operating data such as the number of  
26

1 outstanding Loans issued by GLF, Loan dollar amounts, the “average loan payoff period being  
2 experienced” and the average Loan interest rate being achieved.

3 44. At all times relevant, Respondents have been representing to offerees and investors  
4 that Respondents’ ability to repay investors their principal investments and Projected Profit  
5 distributions, and the investors’ risk of loss of their investments is interwoven with and primarily  
6 dependent on PAYNE and OLSON’s Real Estate experience and expertise, and their ability to  
7 profitably originate, underwrite and/or manage the Loans.

8 45. Without limitation, the Executive Summary emphasizes that PAYNE and OLSON  
9 “have extensive experience in real estate investment, development, finance and accounting, with  
10 solid proven investor results over extended periods of time in a variety of real estate investment  
11 activities.” The PAYNE and OLSON biographies included with the GLF PPM further describe  
12 their extensive business educations and Real Estate experiences including, without limitation: (a)  
13 PAYNE's Real Estate experience regarding “land brokerage and development, and the acquisition,  
14 planning, development, leasing and sale of light industrial, commercial and office properties;” and  
15 (b) OLSON’s “substantial experience in [Real Estate] project feasibility, planning, entitlement,  
16 financing, construction and sales.”

17 46. The GLF PPM further states that GLF will be managed by PAYNE and OLSON as  
18 its “Managers,” and that they “will have the sole power and authority to use their professional and  
19 business experience in the real estate and lending field to analyze and evaluate prospective  
20 borrowers and properties” on which Loans may be extended for the benefit of GLF as determined  
21 by the “Managers” PAYNE and OLSON “in their discretion.”

22 **IV.**

23 **VIOLATION OF A.R.S. § 44-1841**

24 **(Offer and Sale of Unregistered Securities)**

25 47. From on or about November 2010 to the present, Respondents have been offering or  
26 selling securities in the form of investment contracts, within or from Arizona.





1 If a request for hearing is not timely made, the Division will request that the Commission  
2 make permanent this Temporary Order, with written findings of fact and conclusions of law, which  
3 may include ordering restitution, assessing administrative penalties, or other relief.

4 Persons with a disability may request a reasonable accommodation such as a sign language  
5 interpreter, as well as request this document in an alternative format, by contacting Shaylin A.  
6 Bernal, ADA Coordinator, voice phone number 602/542-3931, e-mail [sabernal@azcc.gov](mailto:sabernal@azcc.gov).  
7 Requests should be made as early as possible to allow time to arrange the accommodation.

8 **IX.**

9 **ANSWER REQUIREMENT**

10 Pursuant to A.A.C. R14-4-305, if a Respondent or Respondent Spouse requests a hearing,  
11 the requesting respondent must deliver or mail an Answer to this Temporary Order and Notice to  
12 Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona  
13 85007, within 30 calendar days after the date of service of this Temporary Order and Notice.  
14 Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the  
15 Commission's Internet web site at [www.azcc.gov/divisions/hearings/docket.asp](http://www.azcc.gov/divisions/hearings/docket.asp).

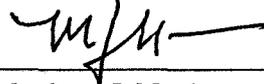
16 Additionally, the answering respondent must serve the Answer upon the Division.  
17 Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-  
18 delivering a copy of the Answer to the Division at 1300 West Washington, 3<sup>rd</sup> Floor, Phoenix,  
19 Arizona, 85007, addressed to Mike Dailey.

20 The Answer shall contain an admission or denial of each allegation in this Temporary  
21 Order and Notice and the original signature of the answering respondent or the respondent's  
22 attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial  
23 of an allegation. An allegation not denied shall be considered admitted.

24 When the answering respondent intends in good faith to deny only a part or a qualification  
25 of an allegation, the respondent shall specify that part or qualification of the allegation and shall  
26 admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

1           The officer presiding over the hearing may grant relief from the requirement to file an  
2 Answer for good cause shown.

3           BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this 10 day of  
4 December, 2010.



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6 Matthew J. Neubert  
7 Director of Securities  
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