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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

- GARY PIERCE - Chairman
- BOB STUMP
- SANDRA D. KENNEDY
- PAUL NEWMAN
- BRENDA BURNS

2011 JAN -5 P 3: 23

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF:

DOCKET NO. S-20716A-09-0574

MIKO D. WADY and JENNIFER L. SAVAGE
(f.k.a. JENNIFER L. WADY), formerly husband
and wife;

NATO ENTERPRISES, LLC, an Arizona limited
liability company;

MALIKA S. SMITH and KORY C. SMITH,
formerly wife and husband;

BOBBY G. GOODSON and PAMELA D.
GOODSON, husband and wife;

CAA GENERAL PARTNERSHIP, an
Arizona general partnership;

MARIO K. REED, a single man;

PHOENICIAN ENTERTAINMENT, L.L.C.,
an Arizona limited liability company;

THURSTON SMITH and SHAVONE
SMITH, husband and wife; and

B.Y.B. ENTERTAINMENT, L.L.C., an
Arizona limited liability company;

RESPONDENTS.

Arizona Corporation Commission

DOCKETED

JAN 5 2011

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**SEVENTH
PROCEDURAL ORDER
(Continues Hearing)**

BY THE COMMISSION:

On December 23, 2009, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing ("Notice") against Miko D. Wady and Jennifer L. Savage (f.k.a. Jennifer L. Wady), formerly husband and wife; NATO Enterprises, LLC, an Arizona limited liability company ("NATO"); Malika S. Smith and Kory C. Smith, formerly wife and husband; Bobby G. Goodson and Pamela D. Goodson, husband and wife; CAA General Partnership, an Arizona general partnership ("CAA"); Mario K. Reed, a single man;

1 Phoenician Entertainment, L.L.C., an Arizona limited liability company (“Phoenician”); Thurston
2 Smith and Shavone Smith, husband and wife; and B.Y.B. Entertainment, L.L.C., an Arizona limited
3 liability company (“B.Y.B.”) (collectively “Respondents”) in which the Division alleged multiple
4 violations of the Arizona Securities Act (“Act”) in connection with the offer and sale of securities in
5 the form of investment contracts.

6 The Respondents were duly served with copies of the Notice.

7 On January 7, 2010, a request for hearing was filed by Respondent Malika S. Smith.

8 On January 14, 2010, a request for hearing was filed by Respondent Mario Reed.

9 On January 15, 2010, a request for hearing was filed by Respondent Bobby Goodson.

10 On February 1, 2010, by Procedural Order, a pre-hearing conference was scheduled on
11 February 25, 2010.

12 On February 9, 2010, counsel for the Division filed a Motion to Continue the pre-hearing
13 conference due to a scheduling conflict with another matter which was scheduled earlier.

14 On February 12, 2010, by Procedural Order, the proceeding was continued to March 11, 2010.

15 On March 11, 2010, at the pre-hearing conference, the Division appeared with counsel and
16 Ms. Smith appeared on her own behalf. None of the other Respondents who requested a hearing
17 appeared at the pre-hearing conference. Ms. Smith and several of the Respondents have retained an
18 attorney, but he has not yet entered an appearance. It was concluded that a status conference should
19 be scheduled in approximately 45 days. By Procedural Order, a status conference was scheduled on
20 April 29, 2010

21 On April 8, 2010, the Commission issued Decision No. 71600, a Default Order, against
22 Respondents Miko E. Wady, Jennifer L. Savage f/k/a Jennifer L. Wady, and NATO.

23 On April 29, 2010, at the status conference, the Division appeared with counsel. Neither
24 Respondents Smith, Goodson nor Reed appeared. The Division requested that a hearing be
25 scheduled.

26 On April 30, 2010, by Procedural Order, a hearing was scheduled on August 11 and 12, 2010,
27 and a date established for the exchange of Witness Lists and copies of Exhibits.

28 On July 8, 2010, the Division filed a Motion to Continue (“Motion”) the hearing and

1 exchange of documentation to complete service on three Respondents who have not yet been served.
2 There were no objections to the Division's Motion.

3 On July 12, 2010, by Procedural Order, the hearing was continued from August 11, 2010, to
4 November 9, 2010, and the exchange of Witness Lists and copies of Exhibits was delayed.

5 On November 4, 2010, the Commission approved a Consent Order with respect to
6 Respondents Malika S. Smith and CAA.

7 On November 5, 2010, the Division filed a Motion to Continue the hearing scheduled for
8 November 9, 2010, because the Division had reached a settlement with Respondents Bobby G.
9 Goodson, Thurston Smith and B.Y.B. and that, as a result, a proposed Consent Order was submitted
10 and approved by the Commission at its Open Meeting on December 1, 2010. The Division further
11 stated that a hearing for the remaining Respondents, Mario Reed and Phoenician should be brief, if a
12 settlement is not reached, and requested the hearing be scheduled after December 1, 2010.

13 On November 10, 2010, by Procedural Order, the proceeding was continued to January 5,
14 2011.

15 On January 4, 2011, the Division filed a Motion to Continue the hearing scheduled for
16 January 5, 2011, because the Division had reached a settlement with the two remaining Respondents,
17 Mario Reed and Phoenician, and that a proposed Consent Order will be submitted for approval by the
18 Commission at its Open Meeting scheduled on February 17, 2011.

19 Accordingly, the proceeding should be continued.

20 IT IS THEREFORE ORDERED that the **hearing** scheduled to be held on January 5, 2011,
21 shall be continued to **April 11, 2011, at 10:00 a.m.**, at the Commission's offices, 1200 West
22 Washington Street, Hearing Room 1, Phoenix, Arizona.

23 IT IS FURTHER ORDERED that **if the case is resolved by a proposed Consent Order**
24 **prior to the hearing, the Division shall file a Motion to Vacate the proceeding.**

25 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
26 Communications) applies to this proceeding as the matter is now set for public hearing.

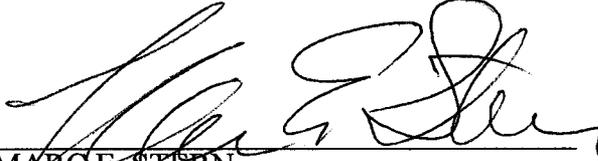
27 IT IS FURTHER ORDERED that withdrawal or representation must be made in compliance
28 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the

1 Rules of the Arizona Supreme Court). Representation before the Commission includes appearances
2 at all hearings and procedural conferences, as well as all Open Meetings for which the matter is
3 scheduled for discussion, unless counsel has previously been granted permission to withdraw by the
4 Administrative Law Judge or the Commission.

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

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

10 DATED this 5th day of January, 2011.

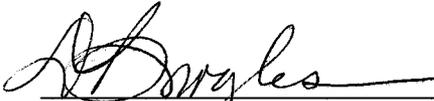
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MARC E. STERN
ADMINISTRATIVE LAW JUDGE

16 Copies of the foregoing mailed/delivered
this 5th day of January, 2011 to:

17 Mario Reed
2310 West Tanque Verde Drive
18 Chandler, AZ 85224-8305

19 Matt Neubert, Director
Securities Division
20 ARIZONA CORPORATION COMMISSION
1300 West Washington Street
21 Phoenix, AZ 85007

22 ARIZONA REPORTING SERVICE, INC.
2200 North Central Avenue, Suite 502
23 Phoenix, AZ 85004

24
25 By: 
26 Debra Broyles
Secretary to Marc E. Stern