OPEN MEETING ITEM

ORIGINAL

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

Executive Director

RECEIVED

ARIZONA CORPORATION COMMISSION

2011 JAN 24 A 10: 58

AZ CORP COMMISSION
DOCKET CONTROL

DATE: JANUARY 24, 2011

DOCKET NOS.: S-20714A-09-0553

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Marc E. Stern. The recommendation has been filed in the form of an Opinion and Order on:

THEODORE J. HOGAN & ASSOCIATES, LLC A.K.A. TED HOGAN AND ASSOCIATES, AN ARIZONA LIMITED LIABILITY COMPANY, THEODORE J. HOGAN A.K.A. TED KILLS IN THE FOG, A MARRIED MAN, AND CHRISTINA L. DAMITIO, A.K.A. CHRISTINA HOGAN, A MARRIED WOMAN.
(NOTICE OF OPPORTUNITY)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

FEBRUARY 2, 2011

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

FEBRUARY 17, 2011

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission
DOCKETED
JAN 24 2011
DOCKETED BY

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail SABernal@azcc.gov

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

IN THE MATTER OF: THEODORE J. HOGAN & ASSOCIATES, LLC a.k.a. TED HOGAN AND ASSOCIATES, an Arizona limited liability company, THEODORE J. HOGAN a.k.a. TED KILLS IN THE FOG, a married man, and CHRISTINA L. DAMITIO, a.k.a. CHRISTINA HOGAN, a married woman, RESPONDENTS.	DOCKET NO. S-20714A-09-0553 DECISION NO. _____ **OPINION AND ORDER**

DATE OF PRE-HEARING CONFERENCE:	January 28, 2010
DATES OF HEARING:	June 15 and 21, 2010
PLACE OF HEARING:	Phoenix, Arizona
ADMINISTRATIVE LAW JUDGE:	Marc E. Stern
APPEARANCES:	Mr. Theodore J. Hogan, *in propria persona;* Ms. Christina L. Damitio, *in propria persona;* Ms. Wendy L. Coy, Senior Counsel, on behalf of the Securities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

On December 8, 2009, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing ("Notice") against Theodore J. Hogan & Associates, LLC a.k.a. Ted Hogan and Associates ("THA"), and Theodore J. Hogan a.k.a. Ted Kills in the Fog and Christina L. Damitio a.k.a. Christina Hogan (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 investment contracts.

The Respondents were duly served with copies of the Notice.

On December 22, 2009, requests for hearing were filed by Respondents. Included within Respondents' requests appear to be an Answer and request for pre-hearing discovery.

On January 7, 2010, the Division filed a response to the requests of the Respondents request for discovery urging their denial.

On January 8, 2010, a pre-hearing conference was scheduled on January 28, 2010, and the request for discovery was taken under advisement.

On January 28, 2010, the Division appeared with counsel and Respondents appeared on their own behalf. The parties discussed the scheduling of a hearing and discussed a possible settlement prior to the hearing taking place.

On February 1, 2010, by Procedural Order, a hearing was scheduled to commence on June 15, 2010.

On May 21, 2010, Respondents each filed a Motion to Dismiss arguing that they had no discovery and that the Commission lacked jurisdiction over them.

On May 25, 2010, the Division filed its Response to the Motion(s) to Dismiss stating that the Division had provided, on April 23, 2010, copies of its Exhibits and Witness List to the Respondents pursuant to the Commission's Procedural Order. The Division further stated that Respondents are residents of Arizona and that the Division's evidence to be presented at hearing would establish that Respondents offered and sold securities within or from Arizona.

On May 27, 2010, by Procedural Order, the Respondents' Motion(s) to Dismiss were denied and the hearing was scheduled to go forward as previously ordered.

On June 15, 2010, a full public hearing was convened before a duly authorized Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. The Division was present with counsel and Mr. Hogan and Ms. Damitio appeared on their own behalf. At the conclusion of the proceeding, the parties agreed to file closing memoranda by September 17, 2010, and the matter was taken under advisement pending the submission of a Recommended Opinion and Order to the Commission.

On September 17, 2010, the Division and the Respondents filed their closing memoranda.

* * * * * * * * * *

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. Theodore J. Hogan is an individual who, at all relevant times herein, was a resident of Sedona, Yavapai County, Arizona.

2. Christina L. Damitio is an individual who, at all relevant times herein, was a resident of Sedona, Yavapai County, Arizona.

3. On or about August 5, 2002, according to Commission records, THA was formed as a member-managed limited liability company in Arizona. (Ex. S-1)

4. THA's Articles of Organization list Ted Hogan as THA's statutory agent and state as its purpose "energy and economic development." Mr. Hogan had executed the organizing document and was listed as its sole member. (Ex- S-1)

5. According to the minutes of the first meeting of the members of THA that was held on August 5, 2002, Mr. Hogan was listed as the "Chairman *pro tem.*" Mr. Hogan was elected as THA's "Managing Member and Chief Executive Officer." Ms. Damitio was elected as its "Vice-Managing Member." (Ex. S-21)

6. Mr. Hogan and Ms. Damitio were married in July 2004, and at all relevant times, were acting for their own benefit and for the benefit and furtherance of their marital community.

7. In support of the allegations raised in the Notice with respect to Respondents' alleged violations of the Act, the Division called the following witnesses: Mr. Joseph D. Waller, Resident Agent with the Office of Inspector General in Montana for the United States Department of Interior; Mr. John C. Bradshaw, an investor; Mr. Ronald Baran, a special investigator with the Division; and Ms. Melissa D. Deegan, an investor.

8. Mr. Baran testified that he became familiar with the Respondents after he was assigned to the case by the Division's Chief of Investigations to conduct an inquiry. (Tr. 85: 24-25)

9. According to certified Commission records, none of the named Respondents were registered with the Division from 2001 to 2010 to offer or sell securities within or from Arizona. (Ex.

S-1, S-3 and S-4)

10. During the course of Mr. Baran's investigation, he was in contact with a number of individuals who told him that they had given money to Mr. Hogan to be used as an investment in the development of oil and natural gas wells which were being developed by Mr. Hogan on the Crow Nation ("Tribe") in Montana. (Tr. 89: 2-13)

11. During the course of Mr. Baran's investigation, he secured documentation from investors which included copies of what were termed "Interest in Commissions Agreements" which were agreements that defined the terms of the investments that were made by the investors with the Respondents.

12. Mr. Baran testified that one investor, Elaine Roulidis, provided him with a copy of an Interest in Commissions Agreement dated April 21, 2004, along with several emails between Mr. Hogan and Ms. Roulidis. (Tr. 90: 4-9)

13. According to Mr. Baran, Ms. Roulidis' Interest in Commissions Agreement references a commission in the amount of $360 million which Respondents were to receive under an exclusive agency agreement in six months to one year. (Tr. 90:21-25)

14. According to Ms. Roulidis' Interest in Commissions Agreement, her investment of $62,000 was to facilitate the oil and gas project. In return, Mr. Hogan was to pay her a five percent return on any commissions earned and paid to Hogan by the Tribe or companies involved in the project. (Tr. 91: 4-18)

15. Mr. Baran testified further concerning a residential loan application obtained during the course of his investigation dated February 3, 2005, on which Ms. Damitio shows herself being employed for seven years as Owner/VP of THA and that the type of business was energy development. (Tr. 93: 15-24) (Ex. S-17)

16. Ms. Damitio's loan application reflects a monthly income for her of $19,330.92. (Ex. S-17)

17. Ms. Damitio's loan documents include information verifying that she was a 50 percent owner of THA and according to documentation attached to Ms. Damitio's application a Certified Public Accountant, Ms. Kathryn M. DePinto, had "prepared tax documents" which reflected this

information also. (Ex. S-17)

18. Testifying further, Mr. Baran provided some information concerning an email which he had received from Ms. Roulidis. An email which Ms. Roulidis sent to Ms. Damitio on October 15, 2004, described a situation where a friend of Ms. Roulidis who was interested in investing had contacted the Tribal Chairman who had told her friend that he, the Tribal Chairman, had no idea about Mr. Hogan's project. (Tr. 101: 10-13)

19. Mr. Baran testified about a response from Ms. Damitio to Ms. Roulidis sent on October 16, 2004, in which Ms, Damitio stated that Ms. Roulidis should have "understood what you were signing" and that her return on her investment would be in one year. Ms. Damitio went on to state that Ms. Roulidis was not entitled to confidential information on how the project worked. (Tr. 102: 15-19)

20. Further testifying, Mr. Baran identified a list which contains the names of investors that he had compiled from information he had secured through "a variety of sources" including speaking with investors, from documents which had been sent to him and from bank records. (Tr. 103: 17-20) (Ex. S-14)

21. Based on his investigation, Mr. Baran does not believe that Respondents returned the investment made by Ms. Roulidis. (Tr. 108: 9-10)

22. Based on records and information which Mr. Baran was able to obtain, he believes that approximately $2.3 million was invested with the Respondents for the project, but Mr. Baran is unsure of the amount of money which may have been paid back to investors. (Tr. 109: 6-25)

23. Mr. Waller, the Resident Agent of the United States Department of Interior, testified that he is assigned to the Office of Investigations in Billings, Montana. His office is tasked with the responsibility to detect and prevent waste, fraud and abuse of programs and operations of the Department of Interior. (Tr. 19-20: 13-2)

24. Mr. Waller's office typically conducts investigations of false claims, contract fraud, false statements, and embezzlements. Additionally, his office has a collateral duty with respect to the Bureau of Indian Affairs on treaty responsibilities with recognized Indian tribes. (Tr. 20:9-19)

25. According to Mr. Waller, his office became familiar with Mr. Hogan in 1988 and 1989

when he was the subject of an investigation and then again after a referral occurred in 2005. (Tr. 20-21: 24-2)

26. Mr. Waller's investigation in 2005 involved Mr. Hogan and THA and their financial affairs. As a result of his investigation, Mr. Waller reviewed bank accounts upon which Mr. Hogan was a signatory. (Tr. 21: 3-14)

27. Mr. Waller acted as lead investigator for the Inspector General's Office of the Department of Interior in what was a joint investigation sanctioned by the United States Attorney's Office and also involved the Internal Revenue Service's Criminal Investigative Division, and the Federal Bureau of Investigation ("FBI"). (Tr. 21: 18-25)

28. Mr. Waller described Ex. S-15 in the hearing as a spreadsheet containing the running balance of THA and it reflects the activities of THA's bank account at M&I Bank.[1](Tr. 22: 12-20)

29. According to Mr. Waller, the spreadsheet for THA's M&I account provides the names of the payees on checks that were drawn on the account or the source of deposited items. The spreadsheet also contains a column entitled "SUA Deposit," an acronym for specified unlawful activity. These deposits specifically were the focus of what Mr. Waller's investigation was concerned with relating to monies Mr. Hogan or THA received in regards to the investigation. (Tr. 23-24: 22-4)

30. Mr. Waller also explained the remaining portions of the spreadsheet which reflect withdrawals, debits by the bank and checks drawn against the account. (Tr. 24:8-12)

31. Mr. Waller testified that, during the investigation of Mr. Hogan and THA, investigators from his office, the FBI, or the Internal Revenue Service contacted the individuals who were the source of the deposits in the SUA column of the spreadsheet. (Tr. 25: 14-21)

32. Upon reviewing Mr. Baran's list of the 32 investors reflected on Ex. S-14, Mr. Waller confirmed that the names of these individuals matched up with the sources of the funds reflected in the SUA deposit column of the M&I spreadsheet where funds were deposited into "the Hogan Account at M&I Bank." (Tr. 26:1-14)

33. Further testifying, Mr. Waller confirmed that the individuals who were contacted by

[1] Ex. S-15 was prepared by the support staff of the Criminal Investigative Division of the Internal Revenue Service.

the investigators who were investigating Mr. Hogan and THA were told by these individuals that they had invested with Mr. Hogan and THA in a mineral development project on the Crow Indian Reservation. (Tr. 26: 15-23)

34. Mr. Waller testified that his investigative team had secured the Interest in Commissions Agreement between Louise Kilcourse and Mr. Hogan dated May 25, 2001. It contains the agreement between Mr. Hogan and Ms. Kilcourse in return for her $680,000 investment to develop minerals on the Crow Indian Reservation. (Tr. 27-28: 16-6) (Ex. S-5)

35. Mr. Waller further testified that he had provided a copy of Ms. Kilcourse's agreement to the Division. (Tr. 28: 7-10) (S-5)

36. Mr. Waller identified Ex. S-6 as an Interest in Commissions Agreement dated December 25, 2001, which had been obtained during the course of his investigation from a resident of Naperville, Illinois, Mr. Leonard Stark, who invested $15,000. The document referred to Mr. Hogan's commissions reaching as much as $50 million over several years, and in the agreement Mr. Hogan agreed to pay the investor three percent of all commissions earned and paid to him. (Tr. 29-30: 18-19)

37. According to Mr. Waller, Mr. Stark's Interest in Commissions Agreement stated that it would remain in effect for 15 years. However, Mr. Hogan's promised repayment to the investor was limited to 50 times the investor's original investment of $15,000 or $750,000.[2] The Agreement further provided that Mr. Stark would not have any interest in the ownership of THA nor participate in the management of the firm. (Tr. 31-32: 7-4)

38. Testifying further, Mr. Waller identified Ex. S-7, an Interest in Commissions Agreement dated December 1, 2001, between Mr. Jay Fisher and Mr. Hogan "proprietor of THA of Sedona, Arizona." According to the agreement, Mr. Fisher invested $10,000 with Mr. Hogan and was to receive a two percent return on all commissions earned by Mr. Hogan. Mr. Fisher's return on his investment was also limited to 50 times his investment or $500,000. (Tr. 33: 2-18) (Ex. S-7)

39. Continuing his testimony, Mr. Waller identified four other Interest in Commissions

[2] This limitation which was imposed on an investor's return limited his return to only half of what had been offered initially of three percent of up to $50 million in commissions.

Agreements involving mineral exploration and the development of resources on the Crow Indian Reservation which were gathered during the course of his investigation from the following investors: Marian Pfluger, who invested $50,000 on March 7, 2003; Cheryl Ganch, who invested $50,000 on July 1, 2004; Carol Cole, who, according to her copy of the agreement, invested $50,000[3] on November 5, 2004; and Harold Wagner, who invested $415,000 on September 14, 2005. The Interest in Commissions Agreements were all executed between the various investors and Mr. Hogan of THA. (Ex. S-9, S-11, S-12 and S-13)

40. Mr. Waller testified that he was familiar with Ms. Damitio and understands that she is married to Mr. Hogan. (Tr. 40: 18-22)

41. Referencing Ex. S-15, the spreadsheet prepared during the course of the joint federal investigation of Mr. Hogan and THA, Mr. Waller further testified that copies of checks which had been compiled from the period 2001 to 2003 and written to Ms. Damitio totaled $774,335.35. (Tr. 43-44: 2-7) (Ex. S-16)

42. Mr. Waller testified that as part of the investigation with respect to Mr. Hogan and THA he obtained a copy of a uniform residential loan application dated February 22, 2006, for Ms. Damitio as the borrower by way of a federal grand jury subpoena. (Tr. 44:11-18.) (Ex. S-18)

43. Testifying further, Mr. Waller stated that on the application Ms. Damitio listed herself as vice president of her employer, THA, with a monthly base salary of $24,244.68 per month. (Tr. 45: 7-19)

44. According to Mr. Waller, based on conversations and emails between Mr. Hogan and investors, drilling was about to begin for coal bed methane, a gas produced in coal bed seams. One investor, Mr. Lyle Rogers, had been told by Mr. Hogan that the investment was bonded and guaranteed by the federal government, but based on Mr. Waller's investigation, there were no guarantees or bonds by the government. (Tr. 49: 1-22)

45. Mr. Waller testified that he was unaware of any development of mineral resources on the Crow Indian Reservation as a result of THA, Mr. Hogan's or Ms. Damitio's activities. (Tr. 53-54:

[3] While testifying, Mr. Waller indicated that although Ms. Cole's agreement specified a $50,000 investment, investigators were only able to identify one check for an investment of $10,000. (Tr. 37:21-22)

24-1)

46. Mr. Waller further stated that the Code of Federal Regulations ("CFR") require the Secretary of the Interior to authorize any mineral development on an Indian reservation. Further, based on the investigation conducted by Mr. Waller, he stated that Mr. Hogan did not have any federal approval to develop any mineral resources on the Crow Indian Reservation, and had not taken any steps to do so. (Tr. 54: 14-17)

47. Mr. Waller indicated that following conversations with investors he was unaware of anyone receiving any funds in return for mineral rights development on the Crow Indian Reservation from THA, Mr. Hogan or Ms. Damitio. (Tr. 55: 7)

48. John Bradshaw, an investor from Sedona, Arizona, testified that he was familiar with Mr. Hogan and was familiar with THA. It was his understanding that Mr. Hogan was trying to get "some things going for the reservation up in Montana." (Tr. 63: 2-12)

49. Mr. Bradshaw testified that he invested with Mr. Hogan in the early 2000s or late 1990s and that Mr. Hogan told him that he was trying to develop coal and methane gas properties with a tribe in Montana. (Tr. 63: 18-24)

50. Mr. Bradshaw identified a document which was captioned Investment Funding Terms and Agreement/First Phase, dated May 21, 2001. It had been signed by Mr. Bradshaw and a friend of his who was his bookkeeper, Kathleen Perry. They invested with Mr. Hogan expecting Mr. Hogan to earn large commissions for doing work to build power plants, produce coal and methane gas and generate cash flow for the Tribe. Mr. Bradshaw and Ms. Perry believed that their return on their investment was to come from Mr. Hogan's commissions. (Tr. 65: 5-20)

51. According to Mr. Bradshaw, he expected to earn at least 10 percent on his investment with Mr. Hogan even "if everything went downhill." (Tr. 66: 4-6)

52. Although Mr. Bradshaw indicated that he had invested approximately $85,000 with Mr. Hogan, due to other unrelated business dealings between them, it appeared that Mr. Bradshaw had received back approximately $33,000 of the monies originally invested with Mr. Hogan. (Tr. 71: 12-21)

53. Based on Mr. Bradshaw's investment, and not counting interest owed on his

investment, he believes he is presently owed approximately $47,000 for his investment with Mr. Hogan. (Tr. 75: 10-11)

54. An investor from Oregon, Ms. Melissa Deegan, testified that she first met Mr. Hogan in February 2003 when she was introduced to him by her uncle, Lyle Rogers. (Tr. 121: 13-22)

55. Ms. Deegan identified a three-page document titled Interest in Commissions Agreement dated February 24, 2003. (Tr. 122: 13-17) (Ex. S-8)

56. Ms. Deegan testified that the agreement signed with Mr. Hogan had been signed by herself in her maiden name and by a number of her relatives including her mother, maternal grandparents, step-father, her husband, an aunt and an uncle. (Tr. 123: 2-12)

57. Ms. Deegan had been told that substantial funding was needed for a project to drill for coal bed methane to develop the resources on the Crow Indian Reservation in Montana with one or more energy companies. (Tr. 124: 13-25)

58. Ms. Deegan testified that she and her relatives believed that investors would receive 15 times the amount they invested from commissions that Mr. Hogan was to be paid for promoting the project. (Tr. 125: 11-12)

59. Ms. Deegan was not informed that any portion of the investment that was made would be used for Mr. Hogan's personal expenses. (Tr. 127: 9-12)

60. According to the terms of the agreement, Ms. Deegan believed that her return on her investment would be paid in six months to one year. (Tr. 127: 13-25)

61. According to Ms. Deegan, she and her relatives originally planned to pool their funds and invest $270,000, but over the next several weeks they were able to raise $402,000 as of the date she and her family executed the agreement on February 24, 2003. (Tr. 128: 12-17) (Ex. S-8)

62. As stated in the other Interest in Commissions Agreements, Ms. Deegan's family investment group was not to have any interest or ownership in THA nor have anything to do with its management. (Tr. 130-131: 23-1) (Ex. S-8)

63. Ms. Deegan indicated that her family's investments were made by way of wire transfers to an entity known as Way of the Ancients, another entity controlled by Mr. Hogan, whose account was at the M&I Bank.

64. Subsequently, after a review of the wire transfer records which Ms. Deegan and her relatives submitted to the Division were reviewed, she agreed that the total amount that the receipts represented was $341,000. (Tr. 146: 11-17)

65. However, Ms. Deegan testified that family members kept their own records, some of which were lost and there may have been cash transfers. (Tr. 147:1)

66. Further testifying, Ms. Deegan revealed that her mother, Diana Holmes, and her uncle, Lyle Rogers, received money back from Mr. Hogan at one time. (Tr. 152: 1-5)

67. Ms. Deegan testified that her mother received $15,000 back from Mr. Hogan on or about July 15, 2005, purportedly paid with funds which Mr. Hogan received for selling a horse. (Tr. 153: 18-25) (Ex. S-25)

68. According to Ms. Deegan, no other family members received any funds back from Mr. Hogan for their investments. (Tr. 155: 5-10)

69. Ms. Deegan further testified that prior to her family's investment, no risks of any kind were explained nor were they told there was a chance they would not get their funds returned to them. (Tr. 157: 7-13)

70. At the conclusion of the proceeding, Mr. Hogan and Ms. Damitio were offered an opportunity to rebut the allegations against them in the Notice and the testimony and documentary evidence which had been presented in support of these allegations. Mr. Hogan repeated that they did not intend to testify and that they had filed Motions to Dismiss and documents captioned "Notice By-Cause" which were addressed to the Commission. At Mr. Hogan's request, these documents dated June 20, 2010, signed by Mr. Hogan and Ms. Damitio were read into the record by the presiding Administrative Law Judge.

71. Upon our review of the entire record in this matter, a preponderance of the evidence establishes that Respondents committed multiple violations of the Act by offering and selling securities in the form of investment contracts in a fraudulent manner.

72. Respondents presented no evidence to credibly rebut the evidence presented in the proceeding when they were offered an opportunity to do so. Therefore, they should be held liable for their violations of the Act which resulted from the offer and sale of securities, should make

restitution, and should pay administrative penalties.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction of this matter pursuant to Article XV of the Arizona Constitution and A.R.S. § 44-1801, *et seq.*

2. The investment in the form of investment an investment contract offered and sold by Respondents is a security within the meaning of A.R.S. § 44-1801(26).

3. The securities were neither registered nor exempt from registration, in violation of A.R.S. § 44-1841.

4. Respondents acted as dealers and/or salesmen within the meaning of A.R.S. § 44-1801(9)(22).

5. The actions and conduct of Respondents constitute the offer and sale of securities within the meaning of A.R.S. § 44-1801(15) and (21).

6. Respondents offered an unregistered security within or from Arizona in violation of A.R.S. § 44-1841.

7. Respondents offered and sold securities within or from Arizona without being registered as a dealer and/or salesman in violation of A.R.S. § 44-1842.

8. Respondents committed fraud in the offer of an unregistered security, engaging in transactions, practices or a course of business which involved untrue statements and omissions of material facts in violation of A.R.S. § 44-1991.

9. Respondents have violated the Act and should cease and desist pursuant to A.R.S. § 44-2032 from any future violations of A.R.S. §§ 44-1841, 44-1842 and 44-1991 and all other provisions of the Act.

10. The actions and conduct of Respondents constitute multiple violations of the Act and are grounds for an Order of restitution pursuant to A.R.S. §§ 44-2032 and for an Order assessing administrative penalties pursuant to A.R.S. § 44-2036.

11. The marital community of Respondents Theodore J. Hogan and Christina L. Damitio a.k.a. Christina Hogan should be included in any order of restitution and penalties ordered hereinafter.

ORDER

IT IS THEREFORE ORDERED that pursuant to the authority granted to the Commission under A.R.S. § 44-2032, Respondents Theodore J. Hogan & Associates, LLC a.k.a. Ted Hogan and Associates, and Theodore J. Hogan a.k.a. Ted Kills in the Fog and Christina L. Damitio a.k.a. Christina Hogan shall cease and desist from their actions described hereinabove in violation of A.R.S. §§ 44-1841, 44-1842 and 44-1991.

IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under A.R.S. § 44-2032, Respondents Theodore J. Hogan & Associates, LLC a.k.a. Ted Hogan and Associates, and Theodore J. Hogan a.k.a. Ted Kills in the Fog and Christina L. Damitio a.k.a. Christina Hogan to the extent allowable pursuant to A.R.S. § 25-215, jointly and severally, shall make restitution in an amount not to exceed $2,319,310 which restitution shall be made pursuant to A.A.C. R14-4-308 subject to legal setoffs by the Respondents and confirmed by the Director of Securities, said restitution to be made within 60 days of the effective date of this Decision.

IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under A.R.S. §§ 44-2032 and 44-2031(C), the marital community of Respondents Theodore J. Hogan and Christina L. Damitio a.k.a. Christina Hogan to the extent allowable pursuant to A.R.S. § 25-215, jointly and severally, shall make restitution in the amount set forth in the preceding paragraph which restitution shall be made pursuant to A.A.C. R14-4-308 subject to legal setoffs by the Respondents and confirmed by the Director of Securities, said restitution to be made within 60 days of the effective date of this Decision.

IT IS FURTHER ORDERED that the restitution ordered hereinabove shall bear interest at the rate of 10 percent per year for the period from the dates of investment to the date of payment of restitution by Respondents.

IT IS FURTHER ORDERED that all restitution payments ordered hereinabove shall be deposited into an interest-bearing account(s), if appropriate, until distributions are made.

IT IS FURTHER ORDERED that the Commission shall disburse the funds on a *pro rata* basis to investors shown on the records of the Commission. Any restitution funds that the Commission cannot disburse because an investor refuses to accept such payment, or any restitution

funds that cannot be disbursed to an investor because the investor is deceased and the Commission cannot reasonably identify and locate the deceased investor's spouse or natural children surviving at the time of distribution, shall be disbursed on a *pro rata* basis shown on the record of the Commissions. Any funds that the Commission determines it is unable to or cannot feasibly disburse shall be transferred to the general fund of the State of Arizona.

IT IS FURTHER ORDERED pursuant to authority granted to the Commission under A.R.S. § 44-2036, Respondents Theodore J. Hogan & Associates, LLC a.k.a. Ted Hogan and Associates, and Theodore J. Hogan a.k.a. Ted Kills in the Fog and Christina L. Damitio a.k.a. Christina Hogan to the extent allowable pursuant to A.R.S. § 25-215, jointly and severally, shall pay as and for administrative penalties: for the violation of A.R.S. § 44-1841, the sum of $10,000; for the violation of A.R.S. § 44-1842, the sum of $10,000; and for the violation of A.R.S. § 44-1991, the sum of $25,000, for a total of $45,000. The payment obligations for these administrative penalties shall be subordinate to any restitution obligations ordered herein and shall become immediately due and payable only after restitution payments have been paid in full or upon Respondents' default with respect to Respondents' restitution obligations.

IT IS FURTHER ORDERED that pursuant to authority granted to the Commission under A.R.S. §§ 44-2036 and 44-2031(C), the marital community of Respondents Theodore J. Hogan and Christina L. Damitio a.k.a. Christina Hogan to the extent allowable pursuant to A.R.S. § 24-215, jointly and severally, shall pay as and for administrative penalties the amount set forth in the preceding paragraph. The payment obligations for these administrative penalties shall be subordinate to any restitution obligations ordered herein and shall become immediately due and payable only after restitution payments have been paid in full or upon Respondents' default with respect to Respondents' restitution obligations.

IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under A.R.S. § 2036, that Respondents Theodore J. Hogan & Associates, LLC a.k.a. Ted Hogan and Associates, and Theodore J. Hogan a.k.a. Ted Kills in the Fog and Christina L. Damitio a.k.a. Christina Hogan to the extent allowable pursuant to A.R.S. § 25-215, jointly and severally, shall pay the administrative penalty ordered hereinabove in the amount of $45,000 payable by either cashier's

check or money order payable to "the State of Arizona" and presented to the Arizona Corporation Commission for deposit in the general fund for the State of Arizona.

IT IS FURTHER ORDERED that if Respondents Theodore J. Hogan & Associates, LLC a.k.a. Ted Hogan and Associates, and Theodore J. Hogan a.k.a. Ted Kills in the Fog and Christina L. Damitio a.k.a. Christina Hogan fail to pay the administrative penalty ordered hereinabove, any outstanding balance plus interest at the maximum level amount may be deemed in default and shall be immediately due and payable, without further notice.

IT IS FURTHER ORDERED that if Respondents Theodore J. Hogan & Associates, LLC a.k.a. Ted Hogan and Associates, and Theodore J. Hogan a.k.a. Ted Kills in the Fog and Christina L. Damitio a.k.a. Christina Hogan fail to comply with this order, any outstanding balance shall be in default and shall be immediately due and payable without notice or demand. The acceptance of any partial or late payment by the Commission is not a waiver of default by the Commission.

IT IS FURTHER ORDERED that default shall render Respondents Theodore J. Hogan & Associates, LLC a.k.a. Ted Hogan and Associates, and Theodore J. Hogan a.k.a. Ted Kills in the Fog and Christina L. Damitio a.k.a. Christina Hogan liable to the Commission for its cost of collection and interest at the maximum legal rate.

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IT IS FURTHER ORDERED that if Respondents Theodore J. Hogan & Associates, LLC a.k.a. Ted Hogan and Associates, and Theodore J. Hogan a.k.a. Ted Kills in the Fog and Christina L. Damitio a.k.a. Christina Hogan fail to comply with this Order, the Commission may bring further legal proceedings against the Respondent(s), including application to the Superior Court for an Order of Contempt.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN COMMISSIONER

COMMISSIONER COMMISSIONER COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of_____, 2010.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

SERVICE LIST FOR: THEODORE J. HOGAN & ASSOCIATES, LLC A.K.A. TED HOGAN AND ASSOCIATES, AN ARIZONA LIMITED LIABILITY COMPANY, THEODORE J. HOGAN A.K.A. TED KILLS IN THE FOG, A MARRIED MAN, AND CHRISTINA L. DAMITIO, A.K.A. CHRISTINA HOGAN, A MARRIED WOMAN.

DOCKET NO.: S-20714A-09-0553

Theodore J. Hogan
Christina L. Damitio
460 Andante
Sedona, AZ 86336

Matt Neubert, Director
Securities Division
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1300 West Washington Street
Phoenix, AZ 85007