

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission

DOCKETED

MAR 4 2011

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AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED BY

In the matter of:

Docket No. S-20772A-10-0489

ARTHUR BRENT PAYNE and CAROLYN L. PAYNE, husband and wife,

MICHAEL RICHARD OLSON and JANE DOE OLSON, husband wife,

STEEPLE ROCK FUNDING, L.L.C., an Arizona limited liability company,

GRANITE LOAN FUND, L.L.C., an Arizona limited liability company,

Respondents.

RESPONDENTS' MOTION FOR ORDER DIRECTING THE EXECUTIVE SECRETARY TO ISSUE A SUBPOENA FOR THE DEPOSITION TESTIMONY OF INVESTIGATOR CLYDE J. ("C.J.") HANSELMAN

Pursuant to A.A.C. R14-3-109(O), R14-3-109(P), A.R.S. §§ 41-1062(A)(4), 44-1823(A), Respondents Arthur Brent Payne, Carolyn L. Payne, Michael Richard Olson, Jane Doe Olson, Steeple Rock Funding, L.L.C. ("SRF") and Granite Loan Fund, L.L.C. ("GLF") (collectively "Respondents") move for an order directing the Executive Secretary to issue a subpoena for the deposition testimony of Securities Division Special Investigator Clyde J. ("C.J.") Hanselman.¹ The proposed subpoena is attached hereto as Exhibit 1.

The Securities Division, in an extraordinarily liberal exercise of their powers, issued a Temporary Order to Cease and Desist and Notice of Opportunity for Hearing ("TC&D") to Respondents on December 10, 2010. In other words, the Division deemed the risk that Respondents' were potentially offering unregistered securities so worrisome and problematic, that "the public welfare require[d] immediate action." A.R.S. § 44-1972(C). Apparently, the need to

¹ This matter is set for a status conference on March 24, 2011 at 9:00 a.m. Respondents are available to depose Mr. Hanselman before then.

1 shut down Respondents was so urgent that the Division took the unilateral action of seeking the
2 TC&D without first picking up the telephone and contacting Respondents to see if the problem
3 could have been resolved without official action.

4 For whatever reason, the Division chose to take the action it did. And, instead of directly
5 contacting Respondents to obtain information in a forthright manner, the Division instead relied on
6 information obtained from Investigator Hanselman who represented himself as an accredited
7 investor to Respondents during an undercover investigation. See TC&D at ¶¶ 21-29. Respondents
8 have a “substantial need” to depose Investigator Hanselman because his possible deceptive acts
9 form the basis for allegations of the TC&D and the Division has informed Respondents Mr.
10 Hanselman will testify at the evidentiary hearing.²

11 Notwithstanding the Division’s unfounded belief to the contrary, Respondents sought legal
12 counsel and the advice from an acquaintance at the Division before seeking investors and
13 established safeguards to prevent the distribution of the private placement memorandum (“PPM”)
14 to unaccredited investors. Mr. Hanselman obtained the PPM, which the Division relies on in the
15 TC&D, by representing himself as an accredited investor. Mr. Hanselman’s deposition is
16 necessary, therefore, to allow Respondents to find out whether he is an accredited investor or
17 whether his representations were subterfuge. Further, Respondents intend to explore with Mr.
18 Hanselman the basis from which the urgency arose to issue the TC&D and what “immediate” threat
19 Respondents posed to the public welfare.

20 Respondents reasonably believe that Mr. Hanselman possesses knowledge and information
21 relating to the remaining allegations in the TC&D, specifically those alleged in paragraphs 30-32.
22 Respondents have requested the Division identify the “Second Potential Arizona Investor” referred
23 to in the complaint, but the Division has not provided the information.³ Accordingly, Respondents
24 need to depose Mr. Hanselman and obtain documents from him and the Division to enable them to
25 discover the facts underlying the TC&D. See *Slade v. Schneider*, 212 Ariz. 176, 181-82, 129 P.3d

26 _____
27 ² See Ex. 5.
³ See Exs. 2 and 3.

1 465, 470-71 (App. 2006) (commission waived protections of confidentiality statute, A.R.S. § 44-
2 2042, by making confidential information a matter of public record when it filed the information in
3 its complaint). Contemporaneous with this Motion, Respondents are also serving a request for
4 production of documents on the Division that seeks information the Division relied on in deciding
5 to issue the TC&D and that form the basis for the TC&D.⁴

6 As early as February 4, 2011, Respondents have sought the Division's cooperation in
7 making Mr. Hanselman available for a deposition, but the Division has refused.⁵ The Division's
8 failure to cooperate with Respondents is exacerbating, as Respondents have bent over backwards -
9 without objection - to accommodate the Division's efforts since the Division issued the TC&D.
10 For example, since issuing the TC&D on December 10, 2010, the Division issued a subpoena for
11 documents on December 13, 2010, which Respondents responded to on December 17, 2011.⁶ The
12 Division then issued a second request for documents on January 21, 2011.⁷ Respondents replied on
13 February 11, 2011 and disclosed over 600 pages of documents. Most recently, the Division issued
14 a *third* request for documents on March 2, 2011, requesting production of documents in eleven (11)
15 categories, most of which exceed the scope of the TC&D.⁸ The Division also unilaterally
16 subpoenaed Messrs. Olson and Payne for Examinations Under Oath on January 19, 2011.⁹ Messrs.
17 Olson and Payne testified on February 24 and 25, 2011, respectively. If the Division had evaluated
18 its investigation prior to issuing the TC&D, it would have been obvious that the public welfare did
19 not require immediate action, making the issuance of a TC&D unnecessary.

20 Throughout this post-issuance of the TC&D investigation, Respondents have made it clear
21 that not a single investment has been sold and no funds have been raised; thus, there has been no
22 damage to the public welfare. Yet despite this repeated avowal (and lack of evidence to the
23

24 _____
25 ⁴ See Ex. 11.

26 ⁵ See Exs. 2, 3, 4 and 5.

27 ⁶ See Ex. 6.

⁷ See Ex. 7.

⁸ See Ex. 8.

⁹ See Exs. 9 and 10.

ROSHKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1 contrary), the Division continues to aggressively devote Division resources to persecute
2 Respondents and seek additional information under the guise of their prematurely issued TC&D,
3 without allowing Respondents the opportunity to conduct simultaneous discovery. As evidence of
4 these overly aggressive tactics is the third document request Respondents received after providing
5 two days of testimony. Most of these requests do not even relate to the allegations in the TC&D.
6 Respondents have already disclosed all the communications and materials sent to potential
7 investors and registered investment advisors. There simply is nothing left for Respondents to
8 disclose that relates to the allegations in TC&D. Yet, the Division continues to pursue efforts that
9 result in nothing more than forcing Respondents to spend time and money on responding to these
10 requests. In contrast, Respondents seek discovery related to the TC&D from a person the Division
11 acknowledges will be a witness at the hearing, and the Division says no. It is unclear why the
12 Division continues to hide behind this hard-line approach in light of the fact that Respondents have
13 not raised any money or sold any investments.

14 The Division, in bringing this case, sought the extraordinary remedy of a TC&D, suggesting
15 “immediate action” was necessary to protect the public welfare. The result has been to thwart
16 Respondents ability to seek investors for a private placement opportunity in its tracks, even though
17 the Division does not allege fraud or deception and no investments have even been sold. Since
18 then, the Division has engaged in a fishing expedition into the private and professional lives of the
19 Respondents. The Division chose to go down the path of issuing a TC&D, and now Respondents
20 have the right to conduct discovery and figure out the basis (or lack thereof) for the Division’s case
21 against them. Accordingly, Respondents request the Administrative Law Judge issue an order
22 directing the Executive Secretary to issue a subpoena for the deposition testimony of Securities
23 Division Special Investigator C.J. Hanselman.

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1 RESPECTFULLY SUBMITTED this 4th day of March, 2011.

2 ROSHKA DeWULF & PATTEN, PLC

3
4 By 

5 Paul J. Roshka, Jr.
6 Jennifer A. Baker
7 One Arizona Center
8 400 East Van Buren Street, Suite 800
9 Phoenix, Arizona 85004
602-256-6100 (telephone)
602-256-6800 (facsimile)
Attorneys for All Respondents

10
11 ORIGINAL and thirteen copies of the foregoing
12 filed this 4th day of March, 2011 with:

13 Docket Control
14 Arizona Corporation Commission
15 1200 West Washington Street
Phoenix, Arizona 85007

16 Copy of the foregoing hand-delivered
17 this 4th day of March, 2011 to:

18 Marc E. Stern, Administrative Law Judge
19 Hearing Division
20 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

21 Matt Neubert, Esq.
22 Michael Dailey, Esq.
23 Securities Division
24 Arizona Corporation Commission
1300 West Washington Street, 3rd Floor
Phoenix, Arizona 85007

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EXHIBIT

"1"

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

In the matter of:

Docket No. S-20772A-10-0489

ARTHUR BRENT PAYNE and CAROLYN L.
PAYNE, husband and wife,

**RESPONDENTS' SUBPOENA TO
CLYDE J. ("C.J.") HANSELMAN**

MICHAEL RICHARD OLSON and JANE DOE
OLSON, husband wife,

STEEPLE ROCK FUNDING, L.L.C., an Arizona
limited liability company,

GRANITE LOAN FUND, L.L.C., an Arizona
limited liability company,

Respondents.

TO: C. J. Hanselman
c/o Michael Dailey, Esq.
Securities Division/Arizona Corporation Commission
1300 West Washington Street, 3rd Floor
Phoenix, Arizona 85007

Pursuant to A.C.C. R14-3-109(O), you are commended to appear and give testimony at the
time and place specified below:

DATE AND TIME OF PERSONAL
APPEARANCE:

March ____, 2011 at 9:00 a.m.

BEFORE WHOM APPEARANCE TO BE MADE:

Court Reporter

PLACE OF APPEARANCE:

Offices of Roshka DeWulf & Patten
One Arizona Center
400 East Van Buren, Street, Suite 800
Phoenix, Arizona 85004
(602) 256-6100

1 You have been subpoenaed by Respondents, whole attorney's name, address and telephone
2 number is:

3
4 Paul J. Roshka, Jr. Esq.
5 Jennifer A. Baker, Esq.
6 Roshka DeWulf & Patten, PLC
7 One Arizona Center
8 400 East Van Buren, Street, Suite 800
9 Phoenix, Arizona 85004

10 **YOU ARE HEREBY NOTIFIED THAT ANY FAILURE TO OBEY THIS**
11 **SUBPOENA WITHOUT ADEQUATE EXCUSE MAY BE DEEMED A CONTEMPT OF**
12 **THIS COURT, AND A CIVIL ARREST WARRANT MAY BE ISSUED. A CIVIL**
13 **ARREST IS AN ORDER DIRECTING ANY POLICE OFFICER IN ARIZONA TO**
14 **ARREST YOU AND BRING YOU BEFORE THIS COURT FOR FUTURE**
15 **PROCEEDINGS.**

16 **REQUESTS FOR REASONABLE ACCOMMODATIONS FOR PERSONS WITH**
17 **DISABILITIES MUST BE MADE TO THE COURT BY PARTIES AT LEAST THREE (3)**
18 **JUDICIAL DAYS IN ADVANCE OF A SCHEDULED COURT PROCEEDING.**

19 **Your Duties in Responding to This Subpoena**

20 You have the duty to produce the documents requested as they are kept by you in the usual
21 course of business, or you may organize the documents and label them to correspond with the
22 categories set forth in this subpoena. See Rule 45(d)(1) of the Arizona Rules of Civil Procedure.

23 If this subpoena asks you to produce and permit inspection and copying of designated books,
24 papers, documents, tangible things, or the inspection of premises, you need not appear to produce the
25 items unless the subpoena states that you must appear for a deposition, hearing or trial. See Rule
26 45(c)(2)(A) of the Arizona Rules of Civil Procedure.

27 **Your Right to Object**

28 The party or attorney serving the subpoena has a duty to take reasonable steps to avoid
29 imposing an undue burden or expense on you. The Superior Court enforces this duty and may
30 impose sanctions upon the party or attorney serving the subpoena if this duty is breached. See Rule
31 45(c)(1) of the Arizona Rules of Civil Procedure.

32 You may object to this subpoena if you feel that you should not be required to respond to the
33 request(s) made. Any objection to this subpoena must be made within 14 days after it is served upon
34 you, or before the time specified for compliance, by providing a written objection to the party or
35 attorney serving the subpoena. See Rule 45(c)(2)(B) of the Arizona Rules of Civil Procedure.

36 If you object because you claim the information requested is privileged or subject to
37 protection as trial preparation material, you must express the objection clearly, and support each
38 objection with a description of the nature of the document, communication or item not produced so
39 that the demanding party can contest the claim. See Rule 45(d)(2) of the Arizona Rules of Civil
40 Procedure.

1 If you object to the subpoena in writing you do not need to comply with the subpoena until a
2 court orders you to do so. It will be up to the party or attorney serving the subpoena to seek an order
3 from the court to compel you to provide the documents or inspection requested, after providing
notice to you. See Rule 45(c)(2)(B) of the Arizona Rules of Civil Procedure.

4 If you are not a party to the litigation, or an officer of a party, the court will issue an order to
5 protect you from any significant expense resulting from the inspection and copying commanded.
See Rule 45(c)(2)(B) of the Arizona Rules of Civil Procedure.

6 You also may file a motion in the superior court of the county in which the case is pending to
quash or modify the subpoena if the subpoena:

7 (i) does not provide a reasonable time for compliance;

8 (ii) requires a non-party or officer of a party to travel to a county different from the
9 county where the person resides or does business in person; or to travel to a county different from
10 where the subpoena was served; or to travel to a place farther than 40 miles from the place of
11 service; or to travel to a place different from any other convenient place fixed by an order of a court,
except that a subpoena for you to appear and testify at trial can command you to travel from any
place within the state;

12 (iii) requires the disclosure of privileged or protected information and no waiver or
13 exception applies; or

14 (iv) subjects you to an undue burden. See Rule 45(c)(3)(A) of the Arizona Rules of Civil
Procedure.

15 If this subpoena:

16 (i) requires disclosure of a trade secret or other confidential research, development, or
17 commercial trade information; or

18 (ii) requires disclosure of an unretained expert's opinion or information not describing
19 specific events or occurrences in dispute and resulting from the expert's study made not at the
request of any party; or

20 (iii) requires a person who is not a party or an officer of a party to incur substantial travel
21 expense;

22 The Commission may either quash or modify the subpoena, or order you to appear or
23 produce documents only upon specified conditions, if the party who served the subpoena shows a
24 substantial need for the testimony or material that cannot be otherwise met without undue hardship
and assures that you will be reasonably compensated. See Rule 45(3)(c)(B) of the Arizona Rules of
Civil Procedure.

25 **DISOBEDIENCE OF THIS SUBPOENA CONSTITUTES CONTEMPT OF THE**
26 **ARIZONA CORPORATION COMMISSION, AND IS PUNISHABLE, PURSUANT TO**
A.R.S. § 40-424.

ROSHKA DEWULF & PATTEN, PLC

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Given under the hand and seal of the Arizona Corporation Commission this ____ day of
February 2011.

Ernest G. Johnson, Executive Secretary

COPY of the foregoing hand-delivered
this _____ day of _____, 2011 to:

Marc E. Stern, Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Michael Dailey, Esq.
Securities Division
Arizona Corporation Commission
1300 West Washington Street, 3rd Floor
Phoenix, Arizona

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EXHIBIT

"2"

Paul Roshka

From: Paul Roshka
Sent: Friday, February 04, 2011 11:34 AM
To: 'Micheal Dailey'
Cc: Jennifer Baker; Joyce Goodwin
Subject: Depositions

Hello Michael.

I want to schedule the deposition of CJ for the week of February 14th. Please let me know if we can just work through this scheduling without the need for a subpoena.

I also understand an investment adviser brought our clients efforts to your office's attention. Please provide me with that person's name so we can take the necessary steps to take that deposition. I would like to take that deposition the week of February 14th as well.

Thank you for your anticipated cooperation.

Paul

Paul J. Roshka, Esq.
ROSHKA DeWULF & PATTEN, PLC
One Arizona Center
400 E. Van Buren Street, Suite 800
Phoenix, AZ 85004
Phone: 602-256-6100
Fax: 602-256-6800
Email: roshka@rdp-law.com

For more information about Roshka DeWulf & Patten, please see our website at www.rdp-law.com.

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EXHIBIT

"3"

Jennifer Baker

From: Paul Roshka
Sent: Monday, February 07, 2011 9:49 AM
To: 'Micheal Dailey'
Cc: Joyce Goodwin; Jennifer Baker
Subject: Payne. et al

Hello Michael. I'm following up on my message last week asking about scheduling CJ's deposition and the deposition of the investment adviser who I believe spoke with your office after receiving materials from our clients.

I just left you a message re depositions. Please give me a call today.

Thanks.

Paul

Paul J. Roshka, Esq.
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400 E. Van Buren Street, Suite 800
Phoenix, AZ 85004
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EXHIBIT

"4"

Paul Roshka

From: Paul Roshka
Sent: Thursday, February 24, 2011 4:59 PM
To: 'Micheal Dailey'
Cc: Jennifer Baker
Subject: RE: CJ's deposition

I haven't thought it completely through but certainly want to discuss CJ Hansel and his activities at a minimum.

Paul J. Roshka, Esq.
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From: Micheal Dailey [mailto:MDailey@azcc.gov]
Sent: Thursday, February 24, 2011 4:54 PM
To: Paul Roshka
Subject: RE: CJ's deposition

Paul, what type of questions do you want to ask him? Mike

From: Paul Roshka [mailto:roshka@rdp-law.com]
Sent: Thursday, February 24, 2011 4:50 PM
To: Micheal Dailey
Cc: Jennifer Baker
Subject: CJ's deposition

Mike, will you make CJ available for deposition the week of March 7th. Any day but Monday works for me.

Paul

2/24/2011

EXHIBIT

"5"

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

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR



MATTHEW J. NEUBERT
DIRECTOR

SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007
TELEPHONE: (602) 542-4242
FAX: (602) 594-7470
E-MAIL: securitiesdiv@azcc.gov

ARIZONA CORPORATION COMMISSION

February 25, 2011

VIA CERTIFIED MAIL/RETURN RECEIPT REQUESTED & EMAIL

Paul Roshka, Esq.
Roshka DeWulf & Patten
One Arizona Center
400 East Van Buren Street
Suite 800
Phoenix, Arizona 85004

Re: *In re Arthur Brent Payne, et al.*, Docket No. S-20772A-10-0489

Paul:

The purpose of this letter is to respond to your request to take the deposition of Securities Division Special Investigator C.J. Hanselman.

As you know, Mr. Hanselman is presently employed by the Securities Division, in part, as the investigator assigned to the Division's "ongoing" investigation of your clients in the above captioned matter.

I asked you via email dated February 24, 2011, to provide me with the type of questions that you desired to ask Mr. Hanselman. You responded via email on the same date that you wanted to discuss Mr. Hanselman himself "and his activities at a minimum."

As you know, Mr. Hanselman contacted your clients in writing under the name "CJ Hansel" to inquire about the possible purchase of the Granite Loan Fund, L.L.C. securities at issue. The sum total of Mr. Hanselman's communications with your clients is set forth, in detail, at paragraphs 21 through 29 of the Division's pending "Temporary Order To Cease And Desist And Notice Of Opportunity For Hearing" filed on December 10, 2010.

There were never any verbal communications between Mr. Hanselman and your clients. Importantly, we voluntarily provided to you via letter dated February 8, 2011, copies of the written communications. For your easy reference, I have attached said letter and attachments to this letter.

Paul Roshka, Esq.
February 25, 2011
Page 2 of 2

Based on the foregoing, the Division is concerned that any of your questions asking for facts not contained in the attached written communications would relate to information protected by the attorney-client and work product privileges, and information protected by the confidentiality provision of the Arizona Securities Act, A.R.S. § 44-2042. As such, we cannot envision allowing Mr. Hanselman to answer your questions without violating A.R.S. § 44-2042.

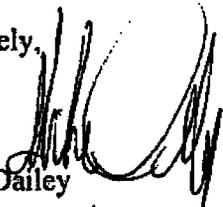
Under A.R.S. § 41-1062(A)(4) of the Arizona Administrative Procedure Act, the assigned administrative law judge may order the deposition of a witness based on a showing of "reasonable need."

Applied here, I ask you to provide me with what you consider to be your clients' reasonable need to depose Mr. Hanselman, especially in light of the fact that you may cross examine him at the evidentiary hearing.

Finally, please consider an alternative in the form of stipulated facts and/or pre-evidentiary hearing testimony. I will consider anything you and/or Jennifer Baker put together.

Thank you and please let me know if you have additional questions.

Sincerely,



Mike Dailey
Enforcement Attorney
602-542-0722 (direct line)

(Enclosure)

EXHIBIT

"6"

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

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR



MATTHEW J. NEUBERT
DIRECTOR

SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007
TELEPHONE: (602) 542-4242
FAX: (602) 594-7470
E-MAIL: securitiesdlv@azcc.gov

ARIZONA CORPORATION COMMISSION

December 13, 2010

Via Personal Service

ARTHUR BRENT PAYNE
670 East Encinas Ave.
Gilbert, Arizona 85234

RE: STEEPLE ROCK FUNDING, L.L.C., ET AL.,

FILE #8219

Dear Mr. Payne:

Enclosed you will find a Subpoena Duces Tecum which requires your appearance before the Securities Division on January 7, 2011, at 10:00 am. In lieu of personal appearance, you may provide the requested documents by the due date by mailing them to Special Investigator C.J. Hanselman, Securities Division, Arizona Corporation Commission, 1300 West Washington Street, Third Floor, Phoenix, Arizona 85007. Testimony concerning the documents will be scheduled at a later time, if necessary.

Should you not have any documents responsive to the subpoena, please provide written confirmation to that effect.

Should you have any questions regarding this subpoena, please feel free to contact me at (602) 542-0524 or (602) 542-4242.

Sincerely,

for C.J. Hanselman
Special Investigator

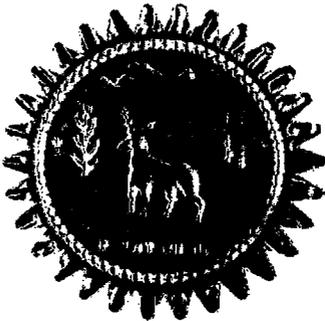
Enclosures

SUBPOENA
SECURITIES DIVISION
ARIZONA CORPORATION COMMISSION

TO ARTHUR BRENT PAYNE
670 East Encinas Ave.
Gilbert, Arizona 85234

In the matter of
Steeple Rock Funding, L.L.C., et al., File No. 8219
involving possible violations of the Securities Act
and/or Investment Management Act of Arizona.

PURSUANT TO A.R.S. § 44-1823 AND A.R.S. § 44-3133, YOU ARE HEREBY REQUIRED to appear before Special Investigator C.J. HANSELMAN of the Securities Division of the Arizona Corporation Commission at 1300 West Washington, Third Floor, Phoenix, Arizona 85007, on the 7th day of January, 2011, at 10:00 a.m., to PRODUCE THE DOCUMENTS SPECIFIED IN EXHIBIT "A", which is attached and incorporated by reference.



The seal of the Arizona Corporation Commission is affixed hereto, and the undersigned, a member of said Arizona Corporation Commission, or an officer designated by it has set her hand at Phoenix, Arizona this 17 day of December, 2010.


Julie Coleman, Chief Counsel of Enforcement
Securities Division

Information and documents obtained by the Securities Division in the course of an investigation are confidential, unless made a matter of public record. The Securities Division may disclose the information or documents to a county attorney, the attorney general, a United States Attorney, or to law enforcement or regulatory officials to be used in any administrative, civil, or criminal proceeding. You may, in accordance with the rights guaranteed to you by the Fifth Amendment of the Constitution of the United States, refuse to give any information that might establish a direct link in a chain of evidence leading to your criminal conviction.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shaylin A. Bernal, Executive Assistant to the Executive Director, voice phone number 602/542-3931, e-mail sabernal@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation.

Pursuant to A.R.S. § 44-1825 and A.R.S. § 44-3134, failure to comply with this subpoena may result in the application for a finding of contempt.

Pursuant to A.A.C. R14-4-304, any person required to appear at a formal interview may be represented by legal counsel.

Exhibit "A"

From January 1, 2009, to the present, the following Requests for documents and information, whether stored on electronic media or otherwise.

For purposes of these Requests, ARTHUR BRENT PAYNE will be referred to hereafter "YOU" or "YOUR."

The Requests:

1. Name, address and telephone number of your employer(s) and all companies, sole proprietorships and organizations in which YOU are an owner, shareholder, officer, director, member, manager or partner including, without limitation: (a) GRANITE LOAN FUND, L.L.C.; (b) STEEPLE ROCK FUNDING, L.L.C.; (c) PAYNE RESOURCES, L.L.C.; and (d) MICHAEL R. OLSON, P.L.L.C. (the "COMPANIES").
2. Certificates of partnership, partnership and membership agreements, articles of incorporation or organization, bylaws and operating agreements, corporate formation documents and any and all amendments thereto, of the COMPANIES.
3. Records of all of the COMPANIES' pre-organization, post-organization or corporate meetings, investor meetings, committee meetings, partner, shareholder or member meetings, board of director or manager member meetings, or other business meetings, including minutes, resolutions adopted or proposed, agendas and corporate resolutions regarding the use of capital, member or investor funds, and all information used or presented at such meetings.
4. Names, addresses, and telephone numbers of all of the COMPANIES' past and present owners, officers and directors, managing members, members, or managing, general or limited partners and shareholders and investment and/or securities salesman.
5. Names, street and email addresses and telephone numbers of all persons and entities who have been offered or sold investments of any kind by YOU, the COMPANIES and any of the persons or entities identified in, or listed in response to paragraph 4 and above including, but not limited to, partnership or membership interests in the COMPANIES, notes, stock, real estate investments, investment contracts, convertible debentures, and other kinds of equity or non-equity investments (collectively the "Investment(s)") including, without limitation, related mailing and/or membership lists.
6. Copies of all letters, emails, faxes and other correspondence exchanged by and between any of the Investment offerees and investors referenced in paragraph 5 above, and YOU, the COMPANIES and any of the persons or entities identified in, or listed in response to paragraph 4 above. This request includes, but is not

limited to, completed "contact us" form records generated by Investment offerees and investors via the website at <http://www.steeplerockfunding.com/contact-us.html>.

7. Copies of all versions of all contracts, agreements, emails, faxes, checks, wire transfers, memorandums, "private placement documents," and correspondence that memorialize the terms and conditions of any purchased or offered Investments, and any amendments thereto.
8. List of all Investment purchase dates, principal Investment amounts, and any repayments of any kind made to Investment investors, including all those relating to all first or original investments, new or additional investments, and all modified, amended, extended or rolled-over Investments.
9. Copies of all versions of all Investment advertising and solicitation materials, letters, Executive Summaries, past and present website pages for the COMPANIES and/or Investments, related emails, brochures, private placement memorandums or offering memorandums, subscription materials, prospectuses, questionnaires and sales literature made available to actual or potential investors, and copies of Investment documentation such as notes and stock certificates, whether in written or electronic form.
10. A list or mailing list(s) of all persons and entities to whom YOU, the Companies, and any of the persons identified in, or listed in response to paragraph 4 above, provided the advertising, solicitation materials, etc. described in paragraph 9 above.
11. Documents submitted by YOU, the COMPANIES and any of the persons or entities identified in, or listed in response to paragraph 4 above, for the purpose of compliance, reporting, or affirmatively seeking exemptions from registration with any state or federal securities agencies.
12. An accounting and/or all documents relating to how YOU, the COMPANIES and any of the persons or entities identified in, or listed in response to paragraph 4 above, receipted and disbursed all Investment money including, without limitation, records of all compensation, salaries, bonuses, distributions, draws, loans, expense reimbursements, or any other compensation and money transfers, whether monetary or otherwise, paid or promised to be paid from Investment related funds.
13. Bank statements for any and all financial accounts, whether open or closed, owned or controlled by YOU and/or with any other person or entity including any of the COMPANIES, and the: (a) the name of the bank or depository institution and address of the branch at which the account is located; (b) the name and number of each account; (c) the names of all signatories on each account; and (d) documents supporting all deposits to and withdrawals from these accounts.

14. Copies of all pleadings relating to lawsuits or legal proceedings of any type, including bankruptcies, filed by or against YOU, any of the COMPANIES and any of the persons or entities identified in, or listed in response to paragraph 4.
15. A list of YOUR or the COMPANIES' assets and liabilities and profit and loss statements.
16. A list of YOUR professional licenses, registrations or certifications, and documents regarding all discipline or complaints relating to the same.

EXHIBIT

"7"

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

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR



MATTHEW J. NEUBERT
DIRECTOR

SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007
TELEPHONE: (602) 542-4242
FAX: (602) 594-7470
E-MAIL: securitiesdiv@azcc.gov

ARIZONA CORPORATION COMMISSION

January 21, 2011

VIA CERTIFIED MAIL/RETURN RECEIPT REQUESTED & EMAIL

Paul Roshka, Esq.
Roshka DeWulf & Patten
One Arizona Center
400 East Van Buren Street
Suite 800
Phoenix, Arizona 85004

Re: *In re Arthur Brent Payne, et al.*, Docket No. S-20772A-10-0489

Paul:

The purpose of this letter is to request additional information and documents beyond that submitted with Mr. Cochran's December 17, 2010, letter addressed to Chief Counsel of Enforcement Julie Coleman.

Please provide the following information and documents to Special Investigator C.J. Hanselman at your earliest convenience:

1. Copies of all letters, emails, and other correspondence exchanged between Respondents and all persons and entities regarding the: (a) Granite Loan Fund Investments; and (b) \$1 Million dollar "Customized Single-Investor Fund" Investments, described in the form letter attached to this one as **Exhibit "A"** (hereafter the "Letter(s)"). This request includes, but is not limited to, copies of all "original" Letters and all "versions" thereof and related handwritten notes signed and delivered by Mr. Payne or Mr. Olson to the investment advisors identified in the list attached hereto as **Exhibit "B."**¹
2. A list or summary of all "loans" underwritten, issued, funded and/or brokered by Respondents, and the source(s) of the loan funds from January 1, 2008, to the present.
3. Copies of the securitization and/or collateralization documents relating to the loans identified in request number two above, including deeds of trust, notes and/or financing statements.

¹ As noted by attached Exhibit "A," your clients have only yet provided a "sample" Letter.

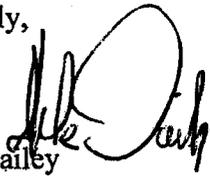
4. All documents and information that support the statement "Low Historic Borrower Default Rates" contained in the "Granite Loan Fund" brochure attached hereto as **Exhibit "C,"** if any.
5. Copies of all bank statements regarding bank accounts maintained and/or used by Respondents in connection with their loan business from January 1, 2008, to the present, including: (a) the name of the bank or depository institution and address of the branch at which the account is located; (b) the name and number of each account; (c) the names of all signatories on each account; and (d) documents supporting all deposits to and withdrawals from these accounts.
6. The names, addresses, telephone numbers and other contact information of all persons and entities who attended in-office or face-to-face presentations made by Mr. Payne and Mr. Olson regarding the investments discussed above, and all information and documents provided by Respondents during such presentations.
7. Copies of all versions of all pages published on any and all of Respondents' websites, including those on www.steeplerockfunding.com.
8. The names, addresses, telephone numbers and other contact information for all persons and entities that received the GLF "Private Offering Summary," the first page of which is attached hereto as **Exhibit "D."** This attachment is numbered "11-44."

The subpoenas for documents served on Mr. Payne and Mr. Olson are limited to the time frame of January 1, 2009, to the present. A couple of the requests above ask for information dating back to 2008. Please let me know if you require additional subpoenas to comply with the requests for information and documents set forth above.

Finally, I ask that you provide the requested information and documents by February 8, 2011. Please notify me or Special Investigator C.J. Hanselman of any extraordinary circumstances which might delay your response.

Thank you for your cooperation, and please let me know if you have questions.

Sincerely,


Mike Dailey
Enforcement Attorney
602-542-0722 (direct line)

EXHIBIT

"8"

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

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR



MATTHEW J. NEUBERT
DIRECTOR

SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007
TELEPHONE: (602) 542-4242
FAX: (602) 594-7470
E-MAIL: securitiesdiv@azcc.gov

ARIZONA CORPORATION COMMISSION

March 2, 2011

VIA CERTIFIED MAIL/RETURN RECEIPT REQUESTED & EMAIL

Paul Roshka, Esq.
Roshka DeWulf & Patten
One Arizona Center
400 East Van Buren Street
Suite 800
Phoenix, Arizona 85004

Re: *In re Arthur Brent Payne, et al.*, Docket No. S-20772A-10-0489

Paul:

The purpose of this letter is to request that your clients supplement their previous productions of documents and information under the Securities Division's outstanding subpoenas for documents issued to and served on Arthur Brent Payne and Michael Richard Olson.

Please provide the following information and documents to Special Investigator C.J. Hanselman:

1. Copies of Steeple Rock Funding, L.L.C.'s ("SRF") balance sheets, profit and loss statements, and federal and state tax returns, and any ledgers or documents setting forth, or regarding SRF's assets and liabilities, and any proposed, negotiated or executed contracts prepared by or on behalf of SRF from January 1, 2008, to the present.
2. Copies of Granite Loan Fund, L.L.C.'s ("GLF") balance sheets, profit and loss statements, and federal and state tax returns, and any ledgers or documents setting forth, or regarding GLF's assets and liabilities, and any proposed, negotiated or executed contracts prepared by or on behalf of GLF from January 1, 2008, to the present.
3. Copies of Payne Resources, Inc.'s ("PRI") balance sheets, profit and loss statements, and federal and state tax returns, and any ledgers or documents setting forth, or regarding PRI's assets and liabilities, and any proposed, negotiated or executed contracts prepared by or on behalf of PRI from January 1, 2008, to the present.

4. Copies of Michal R. Olson, P.L.L.C.'s ("MRO") balance sheets, profit and loss statements, and federal and state tax returns, and any ledgers or documents setting for or regarding MRO's assets and liabilities, and any proposed, negotiated or executed contracts prepared by or on behalf of MRO from January 1, 2008, to the present.
5. All non-privileged correspondence, emails and other written communications exchanged by and/or between all Respondents, and PRI and MRO regarding the GLF and \$1M Customized Investments described, in part, in paragraphs 16 to 18 of the Division's pending December 10, 2010, "Temporary Order To Cease And Desist And Notice Of Opportunity For Hearing" ("TC&D").
6. A list or summary of all "loans" underwritten, issued, funded and/or brokered by PRI and MRO, and any of their related, affiliated companies or predecessors in interest, including those owned or controlled in whole or in part, by Mr. Payne and/or Mr. Olson, and the source(s) of the loan funds from January 1, 2008, to the present.
7. Copies of the securitization and/or collateralization documents relating to the loans identified in request number 6 above, including deeds of trust, notes and/or financing statements.
8. Copies of all versions and/or pages of the Steeple Rock Funding Website at www.steeplerockfunding.com including, without limitation, the "Granite Loan Fund" page, and the "Executive Summary," "Brochure" and "Private Offering Summary" referenced, in part, in paragraphs 10, 19, 20, 22 & 29 in the Division's pending TC&D. With respect to this request number 8, please note whether or not said versions of those documents or pages were provided to or viewed by any persons or entities.
9. Copies of all documents relating to the anti-trust or other lawsuit(s) initiated against Mr. Payne and/or his company(ies) by the Arizona Attorney General's Office, as discussed, in part, during Mr. Payne's February 25, 2011, Examination Under Oath, and/or a summary of the facts and procedural history of said lawsuit.
10. All documents and information relating to and/or supporting any claimed exemptions for registration including, without limitation, those set forth in Mr. Jerry Cochran's December 17, 2010, letter addressed to Julie Coleman, and the Affidavits/Declarations executed by Mr. Payne and Mr. Olson attached to said letter.

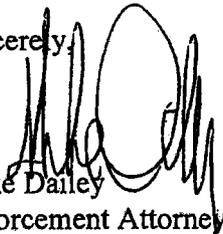
11. To the extent that your clients are going to refer to, or intend to make any legal, factual or mitigating arguments or assertions regarding the GLF and \$1M Customized Investments and any claimed exemptions from registration at the evidentiary hearing that regard or are based on the advice provided to them by any attorneys, securities, accounting or other types of professionals including, without limitation, that which may have been provided to them by Mr. Cochran, please provide all documents and communications regarding the same including without limitation, correspondence, emails, documents and all versions of all pages of the Steeple Rock Funding Website at www.steeplerockfunding.com, Executive Summary, Brochure and Private Offering Summary, and any related investment offering documentation exchanged by and between Respondents, Mr. Cochran, other attorneys, securities, accounting and or other types of professionals.

The subpoenas for documents served on Mr. Payne and Mr. Olson are limited to the time frame of January 1, 2009, to the present. Some of the requests above ask for information dating back to 2008, and regarding the business operations of SRF's members PRI and MRO. Please let me know if you require additional subpoenas to comply with the requests for information and documents set forth above.

Finally, I ask that you provide the requested information and documents by March 22, 2011. Please notify me or Special Investigator C.J. Hanselman of any extraordinary circumstances which might delay your response.

Thank you for your cooperation, and please let me know if you have questions.

Sincerely,



Mike Dailey

Enforcement Attorney

602-542-0722 (direct line)

EXHIBIT

"9"

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

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR



MATTHEW J. NEUBERT
DIRECTOR

SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007
TELEPHONE: (602) 542-4242
FAX: (602) 594-7470
E-MAIL: securitiesdiv@azcc.gov

PJR
JG
JRG

ARIZONA CORPORATION COMMISSION

January 19, 2011

Michael Olson
3733 E. Washington Ct
Gilbert, AZ 85234-4336

RE: Steeple Rock Funding

Dear Mr. Olson:

Attached is a Subpoena for your appearance on February 24th, 2011 at 9:00 AM at the offices of the Securities Division of the Arizona Corporation Commission, 1300 West Washington, Third Floor, Phoenix, Arizona. On that date and time, you must produce the documents listed on Exhibit "A" of the Subpoena and appear for testimony under oath. ^{RWA}

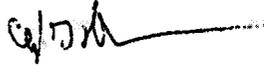
Under the Rules of the Arizona Corporation Commission relating to formal interviews, an individual has the right to be accompanied, represented and advised by counsel. This gives you the right to have an attorney present during formal interviews and to have an attorney provide legal advice before, during and after such interviews. Your attorney may also question you briefly at the conclusion of the interview for the purpose of clarifying any of your prior testimony, and he or she may also make summary notes during the interview solely for your and your attorney's use.

Please note that the above-referenced Rules prohibit a particular attorney from representing you under certain circumstances. For your convenience, we have enclosed a copy of those Rules.

Information and documents obtained by the Securities Division in the course of an investigation are confidential, unless made a matter of public record. The Securities Division may disclose the information or documents to a county attorney, the attorney general, a United States Attorney, or to law enforcement or regulatory officials to be used in any administrative, civil, or criminal proceeding. You may, in accordance with the rights guaranteed to you by the Fifth Amendment of the Constitution of the United States, refuse to give any information that might establish a direct link in a chain of evidence leading to your criminal conviction.

This Subpoena is being served upon you with sufficient notice in order to enable you to retain the services of an attorney, if you so wish. If you or your attorney have any questions regarding the above or the attached Subpoena, please feel free to contact the undersigned at (602) 542-0524.

Sincerely,

A handwritten signature in black ink, appearing to read 'CJH', followed by a horizontal line extending to the right.

Clyde J. Hanselman
Investigator

CJH/cjh

R14-4-304. Rights of witnesses; formal interview; procedures

A. Any person required or requested to appear as a witness at a formal interview may be accompanied, represented, and advised by a lawyer. The lawyer's roll during the formal interview shall be limited to the following activities:

1. Giving legal advice to the witness before, during, and after the formal interview;
2. Questioning the witness briefly at the conclusion of the formal interview for the purpose of clarifying any testimony the witness has given; and
3. Making summary notes during the formal interview solely for the use of the witness and the lawyer.

B. Notwithstanding Subsection (A), the following lawyers may not represent witnesses:

1. Any lawyer who has represented another witness who has testified at a formal interview in the examination or investigation,
2. Any lawyer who has represented another person who is a subject of the examination or investigation,
3. Any lawyer who may be a material witness in the examination or investigation,
4. Any lawyer who is subject of the examination or investigation.

C. The Director may permit a lawyer to represent a witness in those situations described in subsections (B)(1) through (B)(4) upon a showing that such representation should be permitted in the interest of justice and will not obstruct the examination or investigation. If a lawyer is not permitted to represent a witness under Subsection (B), that lawyer's partners or associates of the lawyer's law firm are also precluded from representing the witness.

D. All formal interviews may be recorded by the Division either mechanically or by a shorthand reporter employed by the Division. No other recording of the formal interview will be permitted, except summary note taking.

E. In addition to the persons identified in subsections (A), (C), and (D), the following individuals may attend a formal interview:

1. Individuals employed by the Commission or the office of the attorney general.
2. Members of law enforcement or other state, federal, or self-regulatory agencies authorized by the Division.
3. Translators authorized by the Division.

F. The Division may exclude from a formal interview any person previously permitted to attend the formal interview, including a lawyer, whose conduct is dilatory, obstructionist, or contumacious. In addition, the members of the staff of the Division conducting the formal interview may report the conduct to the Director for appropriate action. The Director may thereupon take such further action as circumstances may warrant, including, but not limited to, exclusion from further participation in the examination or investigation.

G. A person who has submitted documentary evidence or testimony in connection with a formal interview shall be entitled, upon written request, and upon proper identification, to inspect the witness' own testimony on a date to be set by the Director. The Director may delay the inspection of the record until the conclusion of the examination or investigation if, in the Director's discretion, the Director determines that earlier inspection may obstruct or delay the examination or investigation.

H. In connection with an examination or investigation, the Director may delegate authority to members of the staff to administer oaths and affirmations, sign subpoenas, take evidence, and receive books, papers, contracts, agreements or other documents, records, or information, whether filed or kept in original or copied form or electronically stored or recorded.

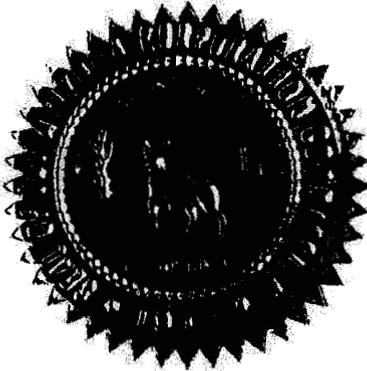
I. During a formal interview, a witness shall not knowingly make any untrue statements of material fact or omit to state any material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

SUBPOENA
SECURITIES DIVISION
ARIZONA CORPORATION COMMISSION

TO: Michael R. Olson
3733 E. Washington Ct.
Gilbert, AZ 85234-4336

**In the Matter of Steeple Rock Funding
file number 8219
involving possible violations of the Securities Act
and/or Investment Management Act of Arizona**

PURSUANT TO A.R.S. § 44-1823 AND A.R.S. § 44-3133, YOU ARE HEREBY REQUIRED to appear before Michael Dailey of the Securities Division of the Arizona Corporation Commission at 1300 West Washington, Third Floor, Phoenix, Arizona 85007, on the 24th day of February, 2011, at 9:00 o'clock AM, TO PROVIDE TESTIMONY.



The seal of the Arizona Corporation Commission is affixed hereto, and the undersigned, a member of said Arizona Corporation Commission, or an officer designated by it, has set her hand at, Phoenix, Arizona this 19th day of January, 2011.



Julie Coleman, Chief Counsel of Enforcement
Securities Division

Information and documents obtained by the Securities Division in the course of an investigation are confidential, unless made a matter of public record. The Securities Division may disclose the information or documents to a county attorney, the attorney general, a United States Attorney, or to law enforcement or regulatory officials to be used in any administrative, civil, or criminal proceeding. You may, in accordance with the rights guaranteed to you by the Fifth Amendment of the Constitution of the United States, refuse to give any information that might establish a direct link in a chain of evidence leading to your criminal conviction.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shaylin A. Bernal, Executive Assistant to the Executive Director, voice phone number 602/542-3931, e-mail sabernal@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation.

Pursuant to A.R.S. § 44-1825 and A.R.S. § 44-3134, failure to comply with this subpoena may result in the application for a finding of contempt.

Pursuant to A.A.C. R14-4-304, any person required to appear at a formal interview may be represented by legal counsel.

AFFIDAVIT OF SERVICE (INDIVIDUAL)

AFFIDAVIT OF SERVICE (BUSINESS ENTITY)

State of Arizona)
County of _____) ss.:

State of Arizona)
County of _____) ss.:

_____, being duly sworn, deposes and says:

_____, being duly sworn, deposes and says:

I, for the Securities Division of the Arizona Corporation Commission, Phoenix, Arizona, served an original of this subpoena by:

I, for the Securities Division of the Arizona Corporation Commission, Phoenix, Arizona, served an original of this subpoena by:

_____ Personal Service on the person named in the subpoena.

_____ Leaving a copy with an employee, of suitable age and discretion, (not less than 16 years of age) at any place of business of the corporation, partnership, trust, limited liability company, association, or other business entity.

_____ Leaving a copy at the dwelling house of the person named in the subpoena with a person of suitable age (not less than 16 years of age) and discretion, then residing there.

_____ Leaving a copy with any officer or director of a corporation, managing or general partner of a partnership, trustee of a trust, member of a member-managed limited liability company, manager of a manager-managed limited liability company or any authorized representative of an association or other business entity.

_____ Leaving a copy at the usual place of business or employment of the person named in the subpoena with an employee, express or implied agent, supervisor, owner, officer, partner, or other similar person of suitable age and discretion (not less than 16 years of age).

_____ Leaving a copy with an agent authorized by express or implied appointment or by law to receive process for the entity named in the subpoena.

_____ Leaving a copy with an agent authorized by express or implied appointment or by law to receive process for the person named in the subpoena.

_____ Mailing a copy, by certified mail with return receipt requested, in an envelope addressed to the last known dwelling house or usual place of abode or last known business address, postage prepaid.

_____ Mailing a copy, by certified mail with return receipt requested, in an envelope addressed to the last known business address, postage prepaid.

Name of Person Served: _____

Name of Person Served: _____

Relationship to Person Named: _____

Relationship to Entity Served: _____

Place of Service: _____

Place of Service: _____

Time and Date of Service: _____

Time and Date of Service: _____

Service Performed by: _____

Service Performed by: _____

Title: _____

Title: _____

Signature of Affiant: _____

Signature of Affiant: _____

Sworn to before me this _____ day of _____, _____.

Sworn to before me this _____ day of _____, _____.

Notary Public

Notary Public

Commission Expires

Commission Expires

EXHIBIT

"10"

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

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR



MATTHEW J. NEUBERT
DIRECTOR

SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007
TELEPHONE: (602) 542-4242
FAX: (602) 594-7470
E-MAIL: securitiesdiv@azcc.gov

PSK
JB
JRG

ARIZONA CORPORATION COMMISSION

January 19, 2011

Arthur B. Payne
670 E. Encinas Ave
Gilbert, AZ 85234-3461

RE: Steeple Rock Funding

Dear Mr. Payne:

Attached is a Subpoena for your appearance on February 25th, 2011 at 9:00 AM at the offices of the Securities Division of the Arizona Corporation Commission, 1300 West Washington, Third Floor, Phoenix, Arizona. On that date and time, you must produce the documents listed on Exhibit "A" of the Subpoena and appear for testimony under oath. ^{RBA}

Under the Rules of the Arizona Corporation Commission relating to formal interviews, an individual has the right to be accompanied, represented and advised by counsel. This gives you the right to have an attorney present during formal interviews and to have an attorney provide legal advice before, during and after such interviews. Your attorney may also question you briefly at the conclusion of the interview for the purpose of clarifying any of your prior testimony, and he or she may also make summary notes during the interview solely for your and your attorney's use.

Please note that the above-referenced Rules prohibit a particular attorney from representing you under certain circumstances. For your convenience, we have enclosed a copy of those Rules.

Information and documents obtained by the Securities Division in the course of an investigation are confidential, unless made a matter of public record. The Securities Division may disclose the information or documents to a county attorney, the attorney general, a United States Attorney, or to law enforcement or regulatory officials to be used in any administrative, civil, or criminal proceeding. You may, in accordance with the rights guaranteed to you by the Fifth Amendment of the Constitution of the United States, refuse to give any information that might establish a direct link in a chain of evidence leading to your criminal conviction.

This Subpoena is being served upon you with sufficient notice in order to enable you to retain the services of an attorney, if you so wish. If you or your attorney have any questions regarding the above or the attached Subpoena, please feel free to contact the undersigned at (602) 542-0524.

Sincerely,

A handwritten signature in black ink, appearing to read 'CJH', followed by a horizontal line.

Clyde J. Hanselman
Investigator

CJH/cjh

R14-4-304. Rights of witnesses; formal interview; procedures

A. Any person required or requested to appear as a witness at a formal interview may be accompanied, represented, and advised by a lawyer. The lawyer's roll during the formal interview shall be limited to the following activities:

1. Giving legal advice to the witness before, during, and after the formal interview;
2. Questioning the witness briefly at the conclusion of the formal interview for the purpose of clarifying any testimony the witness has given; and
3. Making summary notes during the formal interview solely for the use of the witness and the lawyer.

B. Notwithstanding Subsection (A), the following lawyers may not represent witnesses:

1. Any lawyer who has represented another witness who has testified at a formal interview in the examination or investigation,
2. Any lawyer who has represented another person who is a subject of the examination or investigation,
3. Any lawyer who may be a material witness in the examination or investigation,
4. Any lawyer who is subject of the examination or investigation.

C. The Director may permit a lawyer to represent a witness in those situations described in subsections (B)(1) through (B)(4) upon a showing that such representation should be permitted in the interest of justice and will not obstruct the examination or investigation. If a lawyer is not permitted to represent a witness under Subsection (B), that lawyer's partners or associates of the lawyer's law firm are also precluded from representing the witness.

D. All formal interviews may be recorded by the Division either mechanically or by a shorthand reporter employed by the Division. No other recording of the formal interview will be permitted, except summary note taking.

E. In addition to the persons identified in subsections (A), (C), and (D), the following individuals may attend a formal interview:

1. Individuals employed by the Commission or the office of the attorney general.
2. Members of law enforcement or other state, federal, or self-regulatory agencies authorized by the Division.
3. Translators authorized by the Division.

F. The Division may exclude from a formal interview any person previously permitted to attend the formal interview, including a lawyer, whose conduct is dilatory, obstructionist, or contumacious. In addition, the members of the staff of the Division conducting the formal interview may report the conduct to the Director for appropriate action. The Director may thereupon take such further action as circumstances may warrant, including, but not limited to, exclusion from further participation in the examination or investigation.

G. A person who has submitted documentary evidence or testimony in connection with a formal interview shall be entitled, upon written request, and upon proper identification, to inspect the witness' own testimony on a date to be set by the Director. The Director may delay the inspection of the record until the conclusion of the examination or investigation if, in the Director's discretion, the Director determines that earlier inspection may obstruct or delay the examination or investigation.

H. In connection with an examination or investigation, the Director may delegate authority to members of the staff to administer oaths and affirmations, sign subpoenas, take evidence, and receive books, papers, contracts, agreements or other documents, records, or information, whether filed or kept in original or copied form or electronically stored or recorded.

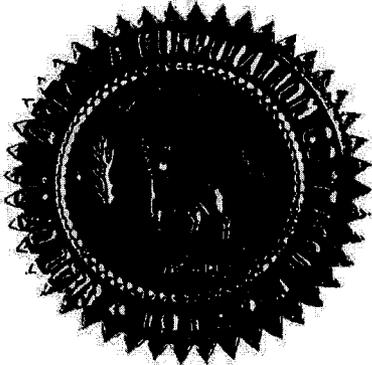
I. During a formal interview, a witness shall not knowingly make any untrue statements of material fact or omit to state any material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

SUBPOENA
SECURITIES DIVISION
ARIZONA CORPORATION COMMISSION

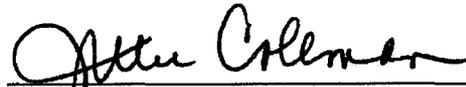
TO: Arthur B. Payne
670 E. Encinas Ave
Gilbert, AZ 85234-3461

**In the Matter of Steeple Rock Funding
file number 8219
involving possible violations of the Securities Act
and/or Investment Management Act of Arizona**

PURSUANT TO A.R.S. § 44-1823 AND A.R.S. § 44-3133, YOU ARE HEREBY REQUIRED to appear before Michael Dailey of the Securities Division of the Arizona Corporation Commission at 1300 West Washington, Third Floor, Phoenix, Arizona 85007, on the 25th day of February, 2011, at 9:00 o'clock AM, TO PROVIDE TESTIMONY.



The seal of the Arizona Corporation Commission is affixed hereto, and the undersigned, a member of said Arizona Corporation Commission, or an officer designated by it, has set her hand at, Phoenix, Arizona this 19th day of January, 2011.



Julie Coleman, Chief Counsel of Enforcement
Securities Division

Information and documents obtained by the Securities Division in the course of an investigation are confidential, unless made a matter of public record. The Securities Division may disclose the information or documents to a county attorney, the attorney general, a United States Attorney, or to law enforcement or regulatory officials to be used in any administrative, civil, or criminal proceeding. You may, in accordance with the rights guaranteed to you by the Fifth Amendment of the Constitution of the United States, refuse to give any information that might establish a direct link in a chain of evidence leading to your criminal conviction.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shaylin A. Bernal, Executive Assistant to the Executive Director, voice phone number 602/542-3931, e-mail sabernal@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation.

Pursuant to A.R.S. § 44-1825 and A.R.S. § 44-3134, failure to comply with this subpoena may result in the application for a finding of contempt.

Pursuant to A.A.C. R14-4-304, any person required to appear at a formal interview may be represented by legal counsel.

AFFIDAVIT OF SERVICE (INDIVIDUAL)

State of Arizona)
County of _____) ss.:

_____, being duly sworn, deposes and says:

I, for the Securities Division of the Arizona Corporation Commission, Phoenix, Arizona, served an original of this subpoena by:

_____ Personal Service on the person named in the subpoena.

_____ Leaving a copy at the dwelling house of the person named in the subpoena with a person of suitable age (not less than 16 years of age) and discretion, then residing there.

_____ Leaving a copy at the usual place of business or employment of the person named in the subpoena with an employee, express or implied agent, supervisor, owner, officer, partner, or other similar person of suitable age and discretion (not less than 16 years of age).

_____ Leaving a copy with an agent authorized by express or implied appointment or by law to receive process for the person named in the subpoena.

_____ Mailing a copy, by certified mail with return receipt requested, in an envelope addressed to the last known dwelling house or usual place of abode or last known business address, postage prepaid.

Name of Person Served: _____

Relationship to Person Named: _____

Place of Service: _____

Time and Date of Service: _____

Service Performed by: _____

Title: _____

Signature of Affiant: _____

Sworn to before me this ____ day of _____, _____.

Notary Public

Commission Expires

AFFIDAVIT OF SERVICE (BUSINESS ENTITY)

State of Arizona)
County of _____) ss.:

_____, being duly sworn, deposes and says:

I, for the Securities Division of the Arizona Corporation Commission, Phoenix, Arizona, served an original of this subpoena by:

_____ Leaving a copy with an employee, of suitable age and discretion, (not less than 16 years of age) at any place of business of the corporation, partnership, trust, limited liability company, association, or other business entity.

_____ Leaving a copy with any officer or director of a corporation, managing or general partner of a partnership, trustee of a trust, member of a member-managed limited liability company, manager of a manager-managed limited liability company or any authorized representative of an association or other business entity.

_____ Leaving a copy with an agent authorized by express or implied appointment or by law to receive process for the entity named in the subpoena.

_____ Mailing a copy, by certified mail with return receipt requested, in an envelope addressed to the last known business address, postage prepaid.

Name of Person Served: _____

Relationship to Entity Served: _____

Place of Service: _____

Time and Date of Service: _____

Service Performed by: _____

Title: _____

Signature of Affiant: _____

Sworn to before me this ____ day of _____, _____.

Notary Public

Commission Expires

EXHIBIT

"11"

ROSHKA DEWULF & PATTEN

ROSHKA DEWULF & PATTEN, PLC
ATTORNEYS AT LAW
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET
SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

March 4, 2011

Mr. Michael Dailey
Securities Division
Arizona Corporation Commission
1300 West Washington
Phoenix, Arizona 85007

Dear Mr. Dailey:

Enclosed is a motion we filed requesting the Administrative Law Judge ("ALJ") order the deposition of Special Investigator C.J. Hanselman. We have sought your agreement to make Mr. Hanselman available for deposition on several occasions, and since you have not agreed, we were left with no choice but to seek the ALJ's intervention.

In addition to providing you with notice of our pending motion, we also write to request the production of documents. While you already provided us with the communications between Mr. Hanselman and Respondents, such documents were redacted. We also believe there are additional materials that you possess that are relevant to the allegations in the Temporary Cease and Desist ("TC&D"). Please let us know if you will produce these documents, and whether you will produce them unredacted. If not, we will file a motion to compel seeking an order requiring you to provide the requested information pursuant to A.A.C. R14-3-109(O).

Please provide the following information and documents by March 21, 2011. Unless otherwise noted, the requests are limited to the time frame of August 1, 2010 to present. Further, the term "Division" is defined as the Securities Division of the Arizona Corporation Commission and includes yourself, Special Investigator C.J. Hanselman, Matthew Neubert, Julie Coleman, Bill Black, Veronica Sandoval and any other employee of the Securities Division that was involved with or assisted in the preparation of the TC&D.

1. All documents the Division received relating to or referencing Granite Loan Fund, LLC; Steeple Rock Funding, LLC; Arthur Brent Payne; and Michael Richard Olson.

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Mr. Michael Dailey

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2. All subpoenas the Division issued to any person or entity that relate to or reference Granite Loan Fund, LLC; Steeple Rock Funding, LLC; Arthur Brent Payne; and Michael Richard Olson. Respondents exclude from this request subpoenas issued to Granite Loan Fund, LLC; Steeple Rock Funding, LLC; Arthur Brent Payne; and/or Michael Richard Olson.
3. All documents the Division received in response to the subpoenas referenced in Request # 2 above.
4. Any testimony the Division took that relates to or references Granite Loan Fund, LLC; Steeple Rock Funding, LLC; Arthur Brent Payne; and Michael Richard Olson.
5. All documents that support the Division's decision to issue the Temporary Order to Cease and Desist and Notice of Opportunity for Hearing in Docket No. S-20772A-10-0489.
6. All communications between the Division and the person identified as "The Second Potential Arizona Investor" in paragraphs 30-32 of the Temporary Order to Cease and Desist and Notice of Opportunity for Hearing in Docket No. S-20772A-10-0489.
7. All documents the Division received from the person identified as "The Second Potential Arizona Investor" in paragraphs 30-32 of the Temporary Order to Cease and Desist and Notice of Opportunity for Hearing in Docket No. S-20772A-10-0489.
8. For all computers at the Division or in the possession and/or control of the Division's employees with access to the Internet: the website history showing each instance/occurrence anyone from the ACC accessed www.steeplerockfunding.com, including but not limited to the "about us," "contact us," "loan program," "loan process," or "Granite Loan Fund" pages accessible from the home page, whether by typing in the website address directly or searching for it through a search engine.
9. For all computers at the Division or in the possession and/or control of the Division's employees with access to the Internet: the search history (i.e., google, yahoo, bing, or other search engines) for the term "Steeple Rock Funding."

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Mr. Michael Dailey

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10. For all computers at the Division or in the possession and/or control of the Division's employees with access to the Internet: the search history (i.e., google, yahoo, bing, or other search engines) for the term "Granite Loan Fund."
11. The website history and internet search history for any computer or Internet-connected device (including, but not limited to, a cellular phone or smart phone device (i.e., Blackberry, iPhone, Droid, etc.) used by Investigator C.J. Hanselman from November 1-December 10, 2010, including but not limited to any personal or work computer in which he sent and received emails at the address cj.hansel@yahoo.com.

Please let us know if you have any questions. Thank you for your cooperation.

Yours truly,



Jennifer A. Baker
For the Firm

JAB:mi

Enclosure

cc: Brent Payne
Michael Olson