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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: ROGER D. WOODS, an individual, PHOENIX FUNDING, LLC, an Arizona limited liability company, Respondents.	DOCKET NO. S-20825A-11-0454 **SECURITIES DIVISION'S MOTION TO AMEND TEMPORARY ORDER TO CEASE AND DESIST AND NOTICE OF OPPORTUNITY FOR HEARING**

The Securities Division ("Division") of the Arizona Corporation Commission respectfully moves the Administrative Law Judge ("ALJ") under A.A.C. R14-3-106(E), for leave to amend the Temporary Order to Cease and Desist and Notice of Opportunity for Hearing ("Temporary Order") filed by the Division on December 20, 2011. The Temporary Order has not been served on any of the Respondents. A proposed Amended Temporary Order to Cease and Desist and Notice of Opportunity for Hearing ("Proposed Amended Temporary Order") is attached as Exhibit "1."

Under A.A.C. R14-3-106(E), the ALJ has the discretion to allow any formal document to be amended or corrected.

The Division seeks to amend the Temporary Order to add another Respondent, Jocelyn DeLa Cruz Clemente aka Joy Clemente, Jocelyn Woods, and Joy Woods ("J. Clemente"), add additional facts that have been discovered and to correct an incorrect reference in the Temporary Order. Since filing the Temporary Order, the Division has determined that Respondent Roger D. Woods ("R. Woods") and J. Clemente are married. Therefore, to allow pursuit of remedies against their marital community, both spouses are named in the Proposed Amended Temporary Order. Additionally, facts have also been discovered which the Division believes identify J.Clemente as a participant in the

alleged activity, so she is also named in that role. Finally, the Division determined that it incorrectly identified a bankruptcy in the Temporary Order. Paragraphs 45 though 51 discuss the bankruptcy of R. Woods. Although J. Clemente did file for bankruptcy, Woods did not and thus the information listed in the Temporary Order regarding the R. Woods bankruptcy was incorrect. The Division has corrected the bankruptcy information in the Proposed Temporary Order in order to correctly identify J. Clemente's bankruptcy.

Based on the foregoing, the Division requests that the ALJ grant this motion to amend the Temporary Order and allow the Division to file the Proposed Amended Temporary Order.

RESPECTFULLY SUBMITTED this 30th day of December, 2011.

ARIZONA CORPORATION COMMISSION

By_____
Mike Dailey
Attorney for the Securities Division of the
Arizona Corporation Commission

ORIGINAL AND EIGHT (8) COPIES of the foregoing
filed this 30th day of December, 2011 with:

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

COPY of the foregoing hand-delivered
this 30th day of December, 2011 to:

Marc E. Stern
Administrative Law Judge
Arizona Corporation Commission/Hearing Division
1200 W. Washington St.
Phoenix, AZ 85007

Exhibit “1”

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

In the matter of: ROGER D. WOODS, an individual, JOCELYN DELA CRUZ CLEMENTE (AKA JOY CLEMENTE, JOCELYN WOODS, AND JOY WOODS), an individual, PHOENIX FUNDING, LLC, an Arizona limited liability company, Respondents.	DOCKET NO. S-20825A-11-0454 **AMENDED TEMPORARY ORDER TO CEASE AND DESIST AND NOTICE OF OPPORTUNITY FOR HEARING**

NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY

EACH RESPONDENT HAS 20 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents ROGER D. WOODS, JOCELYN DELA CRUZ CLEMENTE (AKA JOY CLEMENTE, JOCELYN WOODS, AND JOY WOODS), and PHOENIX FUNDING, LLC are engaging in or are about to engage in acts and practices that constitute violations of A.R.S. § 44-1801, *et seq.,* the Arizona Securities Act ("Securities Act"), and that the public welfare requires immediate action.

The Division further alleges that ROGER D. WOODS is a person controlling PHOENIX FUNDING, LLC within the meaning of A.R.S. § 44-1999, so that he is jointly and severally liable under A.R.S. § 44-1999 to the same extent as PHOENIX FUNDING, LLC for violations of the Securities Act.

The Division further alleges that JOCELYN DELA CRUZ CLEMENTE (AKA JOY CLEMENTE, JOCELYN WOODS AND JOY WOODS) is a person controlling PHOENIX FUNDING, LLC within the meaning of A.R.S. § 44-1999, so that she is jointly and severally liable under A.R.S. § 44-1999 to the same extent as PHOENIX FUNDING, LLC for violations of the Securities Act.

I.

JURISDICTION

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

II.

RESPONDENTS

2. At all relevant times, Respondent ROGER D. WOODS ("WOODS") has been offering and selling the credit building and repair program investments discussed below within or from Arizona on behalf of Respondent PHOENIX FUNDING, LLC ("PHOENIX FUNDING") as its manager, "President," owner and investment salesman.

3. At all relevant times, WOODS has not been registered by the Commission as a securities salesman or dealer.

4. PHOENIX FUNDING was organized by WOODS as a manager-managed Arizona limited liability company on or about March 10, 2009. At all relevant times, PHOENIX FUNDING has been issuing, offering and selling the credit building and repair program investments discussed below within or from Arizona.

5. PHOENIX FUNDING has not been registered by the Commission as a securities dealer.

6. According to the records of the Corporations Division of the Commission, Respondent JOCELYN DELA CRUZ CLEMENTE (AKA JOY CLEMENTE, JOCELYN

WOODS AND JOY WOODS) ("CLEMENTE") has been a manager of Respondent PHOENIX FUNDING since on or about March 10, 2009, to the present.

7. Upon information and belief, Respondent CLEMENTE has been at all relevant times the spouse of Respondent WOODS. CLEMENTE is also joined in this action under A.R S. § 44-2031(C) for purposes of determining the liability of the marital community.

8. Upon information and belief, at all relevant times, WOODS has been acting for his own benefit and for the benefit or in furtherance of the marital community.

9. Upon information and belief, at all times relevant, CLEMENTE has been acting for her own benefit and for the benefit of the marital community.

10. WOODS, CLEMENTE, and PHOENIX FUNDING may be referred to as "Respondent(s)."

III.

FACTS

A. Respondents' Credit Building, Repair, and Financial Services Business

11. From approximately October 2010 to the present, Respondents have been representing to offerees and investors within and from Arizona that PHOENIX FUNDING is a "consulting" company, and that Respondents provide individuals and businesses with: (a) credit building and/or credit score repair enhancement; (b) hard money lending; (c) debt reduction; (d) real estate investments; (e) aged shelf corporations; and (f) other financial management services and products (the "Business(es)").

12. From approximately November 2011 to the present, the "Home" page of the PHOENIX FUNDING website at www.phxfundingus.com ("Website") has further stated that PHOENIX FUNDING's "Mission" is to:

> Assist individuals, business owners, investors and organizations in raising capital by generating business and personal credit for start-ups and expansion. We offer an integrated suite of marketing, legal, consulting, corporate and personal credit services and provide investing opportunities in real estate, [a] credit repair program and lucrative businesses.

13. From approximately October 2010 to the present, WOODS and PHOENIX FUNDING have been publically offering and selling investments to the general public to raise a "pool" of capital to fund Respondents' Business operations (the "Investment(s)").

14. From at least November 2011 to the present, the "Products" page of the Website has described the Investment opportunities (the "Prospectus Page"). Regarding projected Investment profits, the Prospectus Page prominently displays the phrase "**Raise Your Net Worth.**" This phrase is similarly included at the top of all of the other pages of Respondents' Website. (Emphasis in originals)

15. In addition to the Prospectus Page, the Website includes a page titled "More..." which when clicked, displays two additional pages titled "Opportunities" and "Application Form."

16. The Opportunities and Application Form pages include forms that prospective Arizona investors and/or salesman can complete to obtain additional information regarding the Investments.

17. With respect to salesmen, the Opportunities page of the Website includes color photos of gold coins and states that PHOENIX FUNDING offers "great opportunities for you and affiliates by partnering with us. We pay great commissions and referral fees for people that you refer to us with excellent credit scores and that we can qualify to get funded."

B. <u>The Investments</u>

18. From at least November 2011 to the present, the Prospectus Page has stated that PHOENIX FUNDING is issuing, offering and selling the following Investments titled:

a. "**RAISING CAPITAL AND INVESTING IN CREDIT REPAIR PROGRAM**" (the "Credit Repair Program" Investments);

b. "**TRADING PLATFORMS**" (the "Trading" Investments);

c. "**INVESTMENTS IN REAL ESTATE**" (the "Real Estate" Investments);

d. "**OIL AND GAS**" (the "Oil & Gas" Investments);

e. "**GOLD MINE**" (the "Gold Mine" Investments);

f. "**FILMS**" (the "Film" Investments); and

g. "**Funding businesses**" (the "Loan" Investments)

(Emphasis in original). The Credit Repair Program Investments are discussed in detail further below.

19. From at least November 2011 to the present, the Prospectus Page has stated that the Trading Investments can be purchased in principal amounts of at least $10,000, and that the "ROI" or return on the Investments range from 34% to 150% per month.

20. From at least November 2011 to the present, the Prospectus Page has stated that there are two types of Real Estate Investments being offered including those relating to: (a) "Non-Performing Notes" that can be purchased for amounts ranging from $200,000 with the profit, or return on such principal Investments being capped at $10,000,000; and (b) "REO Bulk Properties" or real estate or bank owned properties ranging in price from $5,000 to $35,000,000.

21. From at least November 2011 to the present, the Prospectus Page has stated that the Oil & Gas Investments are comprised of "Shares/Ownership" in oil and gas wells, can be purchased for principal amounts ranging in price from $2,000,000 to $15,000,000, and that such Investments provide investors with profits on the principal Investment amounts of 1,000% per year.

22. From at least November 2011 to the present, the Prospectus Page has stated that the Gold Mine Investments are comprised of "Shares/Ownership" in gold mines, can be purchased for amounts ranging in price from $60,000 to $30,000,000, and that such Investments provide investors with returns on the principal Investment amounts of up to $200,000,000.

23. In November 2011, the Prospectus Page of the Website stated that: (a) the Film Investments cost approximately $1,000,000 each; (b) the proceeds of the Film Investments would be used to fund an "Animated Film Project" titled "JONAH;" and (c) that such Investments would provide investors with returns on their principal Investments of approximately 200%.

24. From at least November 2011 to the present, the Prospectus Page of the Website has stated that principal Loan Investment funds would be used to make loans to persons or entities involved in medical research, transportation, technology, retail and wholesale, import and export, advertising and marketing, files and video games and green projects including "Solar Energy."

C. <u>The Credit Repair Program Investments</u>

25. From at least November 2011 to the present, the Prospectus Page of the Website has stated that there are two types of Credit Repair Program Investments available for purchase, depending on whether the investor has an "excellent credit score" or a "lesser credit" score.

26. From at least November 2011 to the present, the Prospectus Page has stated that those with excellent credit scores can purchase Credit Repair Program Investments for approximately $100,000 each, while investors with lesser credit scores can purchase Credit Repair Program Investments for principal amounts ranging from $10,000 to $200,000.

27. From at least November 2011 to the present, the Prospectus Page has further stated that those investors with lesser credit scores can receive a return on such principal Investments of approximately 15% within six months.

28. From at least November 2011 to the present, the Website has also included a "Protected Program" page that describes in detail how Respondents manage Credit Repair Program Investment funds on behalf of investors to repair the credit of third parties:

> **Investing today is safer** and more available than ever.
>
> BUT nobody has any money AND those that do have it, they want to keep it safe. We take **no risk**. We have a **protected** [credit repair Investment] program.
>
> Did you know that your excellent credit can be the seed that can jump start $1M in 5 months?
>
> We are looking to fund people who have excellent [FICO] credit scores of 720 and above and get up to $100K funding without upfront fees. People who do not need credit repair will qualify for this program. This is no cost to us or to them.
>
> **This is how the process goes.**
>
> When a person that has an excellent credit score qualifies and gets funded within 21 days, we invest the money to repair the credit of 6 other people. After these 6

> people get their credit repaired within a period of time, they go into a funding process totaling up to $600K. The first $100K [of the newly raised $600,000] pays back the person who invested into repairing these 6 people's credit. 2nd round of funding for these 6 people occurs in the 4th month for another $600K added to the remaining balance of the 1st round of funding in the amount of $500K (of which $100K has been paid back to the credit investor). Now we have a total of over $1M in the **investment pool** for the 7 people.
>
> When we repair people's credit, we find those who need small amounts of money in their debt to income ratio (at least under 10K) or either we will build their credit status to get them fundable. Once credit is repaired, they become qualified for up to $100K in personal or business credit within 60 days. We can go up to 2 rounds of funding within 5 months. We can get up to $200K in total funding per person combining business and personal credit.
>
> For example, after going through credit repair, a married couple has a potential of $400K available to help others repair their credit and use a portion of these funds to continue the process of repairing credit, buy real estate and raise capital for lucrative businesses.
>
> This program is safe, conservative and highly leveraged to protect our partners [i.e., investors]. We can pay back the money that was utilized in [the] credit repair process within 90 days. (Emphasis added and in original)

29. With respect to Respondents' management of Credit Repair Program Investment funds, the "Products and Services" page of the Website has further stated from at least November 2011 to the present as follows:

> **Corporate and Personal Credit Services**...With our creative process of obtaining business and personal credit through your excellent credit, we assure stability in funding your deals. We have designed a unique process that you can invest in [called the] Credit Building Program that will propel you to have a residual income and get into the investment world. Contact us for consultation about your credit and how you can partake in this phenomenal money-making program. (Emphasis in original)

30. The Credit Repair Program Investments are documented, in part, by written contracts prepared and provided to investors by WOODS titled "PHOENIX FUNDING LLC...JOINT VENTURE AGREEMENT[s]" (the "Contracts").

31. The Contracts state that the Credit Repair Program Investments have a term of two years.

32. Contracts are executed by WOODS on behalf of PHOENIX FUNDING as its "Manager," and by investors.

33. The Contracts purport to grant Respondents and/or their agents "a limited power of attorney" to have access to and/or acquire "Credit Funding" in the name of and/or on behalf of the investor "from various financial institutions, private money lenders, venture capitalists" and other "financing resources" (the "Debt(s)").

34. As a result, purchase money for the Credit Repair Program Investments is most often derived from funds obtained by Respondents from investors via investor credit cards, loans or types of credit accounts.

35. On information and belief, the Debts are on paper owed by the Credit Repair Program investors themselves, and not by Respondents. However, to induce investors to purchase the Credit Repair Program Investments, WOODS promises investors that Respondents will timely pay the Debts.

36. The Contracts further purport to grant Respondents the power to use the funds obtained via the investors' credit and related Debt to repair the credit scores of other persons, fund Respondents' Businesses and otherwise purchase or make "investments in various profitable business ventures, real estate investments, and private placement platforms."

37. In return, WOODS promises investors both verbally and in writing that Respondents and investors will share the "residual income" generated from Respondents' Businesses or related Investments made by Respondents with Credit Repair Program Investment funds including, without limitation, the funding of businesses and/or shelf companies as set above.

D. <u>Credit Repair Program Investment Purchase Examples</u>

38. WOODS sold a Credit Repair Program Investment to an Illinois resident for several thousand dollars in approximately November 2010 (the "First Investor"). In this case, WOODS offered to sell the First Investor the Credit Repair Program Investment while the First Investor was present in Arizona.

39. As part of the First Investor's Credit Repair Program Investment purchase, the First Investor allowed Respondents and/or their authorized agents to obtain credit and/or create thousands of dollars of Debt in the name of the First Investor. They did.

40. The First Investor's Credit Repair Program Investment is documented, in part, by: (a) a Contract signed by WOODS on behalf of PHOENIX FUNDING; and (b) an amendment to the articles of organization of an Arizona limited liability company (*i.e.*, shelf company), organized and/or controlled by Respondents and/or their agents, that names the First Investor as a manager of the company.

41. In return, WOODS promised the First Investor that Respondents and/or their agents would timely pay the Debt created by Respondents' use of the First Investor's credit, and pay the First Investor profits totaling approximately $3,000 to $5,000 per month during the term of the Investment.

42. On information and belief, Respondents have to date failed to timely repay the Debt created in the name of the First Investor as promised.

43. WOODS also sold a Credit Repair Program Investment to an Arizona resident in within Arizona or around October 2010 totaling several thousand dollars (the "Second Investor").

44. The purchase money for the First Investor's Credit Repair Program Investment was derived from a cash advance that the Second Investor obtained from one of his existing credit cards.

45. The Second Investor converted these funds into a cashier's check made payable to a shelf company organized and/or controlled by Respondents and/or their agent(s).

46. On information and belief, Respondents obtained additional money from the Second Investor via credit cards or other Debt created in the name of the Second Investor.

47. Like the First Investor, WOODS promised the Second Investor that Respondents would repay the related Debt owed by the Second Investor, and pay the Second Investor profits of approximately $5,000 per month during the term of the Credit Repair Program Investment.

48. On information and belief, Respondents did not repay all of the money Respondents and/or their agents obtained from the Second Investor via the Second Investor's credit as promised.

E. <u>The Bankruptcy and Foreclosure Proceedings</u>

49. From at least November 2011 to the present, the Website has described Respondents' Business experience and expertise. For example, the Home page of the Website has stated at all relevant times, in part, as follows:

> We raise capital for your investments or lucrative businesses. In short, we can fund your deals and you can co-venture with our projects. **With 20 years of business experience**, we have assisted various businesses, real estate deals and individuals obtain funding. **We have the expertise** in consulting and helping clients and partners meet their goals. (emphasis added)

50. Additionally, the Products and Services page of the Website discussed above has also stated at all relevant times, in part, as follows:

> As management, we have over a decade of experience providing strategic advice. We can help your company build a strong board, complete and develop your management team, as well as source and evaluate corporate credit, raising capital for businesses, providing funding for your real estate deals and lucrative business and investments through hard money lenders, acquisitions, venture capital, and partnerships.

51. CLEMENTE filed a voluntary petition for relief under Chapter 13 of Title 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States District Court for the District of Arizona on June 19, 2009, under case No. 2:07-bk-13847-RJH (the "Bankruptcy"). CLEMENTE'S Bankruptcy schedules list total liabilities or debts of approximately $820,369.

52. On August 3, 2009, the United States Bankruptcy Court ("Bankruptcy Court") entered an order converting the Bankruptcy to a proceeding under Chapter 11 of the Bankruptcy Code. No plan of reorganization has been approved by the Bankruptcy Court and the Bankruptcy is currently pending.

53. On August 18, 2008, a Notice of Trustee's Sale Under Deed of Trust dated August 15, 2008, was recorded, as document no. 20080716001 in the official records of the Maricopa County Recorder, on behalf of the lender holding the first lien position in the real estate owned by and serving as the personal residence of CLEMENTE ("Notice of Trustee's Sale"). Upon

information and belief, at all relevant times, CLEMENTE's residence also served as a Business address for PHOENIX FUNDING.

54. Upon information and belief, the Notice of Trustee's Sale was recorded due to the failure of CLEMENTE to fully satisfy her obligations to the lender holding the first lien position in the real estate owned by and serving as her personal residence ("Lender"), resulting in the commencement of a non-judicial foreclosure proceeding by her Lender ("Foreclosure Proceeding").

55. On February 18, 2011, a Notice of Cancellation of Trustee's Sale dated February 11, 2011, was recorded, as document no. 20110149253 in the official records of the Maricopa County Recorder, on behalf of the Lender.

56. Upon information and belief, the Foreclosure Proceedings were terminated as a result of CLEMENTE entering into a Home Affordable Modification Agreement on or about February 9, 2011, with the Lender, which agreement was recorded on March 22, 2011, as document no. 20110242703 in the official records of the Maricopa County Recorder.

57. On information and belief, Respondents failed to disclose altogether and/or adequately disclose to Investment offerees and investors the existence of the Bankruptcy or Foreclosure Proceeding, including, without limitation, that the Bankruptcy is currently pending.

F. <u>Miscellaneous Allegations</u>

58. At all relevant times, Respondents have represented to offerees and investors both verbally and in writing that Respondents manage the essential aspects of the Business and related Investments.

59. At all relevant times, Respondents have represented to offerees and investors that Respondents' ability to repay purchasers their principal Investments and/or projected profits is interwoven with and primarily dependent on Respondents' superior Business and Investment knowledge and expertise, and experience with the financial and credit industry.

IV.

VIOLATION OF A.R.S. § 44-1841

(Offer and Sale of Unregistered Securities)

60. From on or about November 2010 to the present, WOODS and PHOENIX FUNDING have been offering or selling securities in the form of investment contracts, within or from Arizona.

61. The securities referred to above are not registered pursuant to Articles 6 or 7 of the Securities Act.

62. This conduct violates A.R.S. § 44-1841.

V.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

63. WOODS and PHOENIX FUNDING are offering or selling securities within or from Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

64. This conduct violates A.R.S. § 44-1842.

VI.

VIOLATION OF A.R.S. § 44-1991

(Fraud in Connection with the Offer or Sale of Securities)

65. In connection with the offer or sale of securities within or from Arizona, Respondents are, directly or indirectly: (i) employing a device, scheme, or artifice to defraud; (ii) making untrue statements of material fact or omitting to state material facts that are necessary in order to make the statements made not misleading in light of the circumstances under which they are made; or (iii) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit upon offerees and investors. Respondents' conduct includes, but is not limited to representing to offerees and investors that Respondents are able and experienced in the credit repair and financial services Business, and in the management of the Investments, while

further failing to disclose altogether and/or adequately disclose to Investment offerees and investors the existence of the Bankruptcy and/or Foreclosure Proceeding including, without limitation, the fact that the Bankruptcy is pending.

66. This conduct violates A.R.S. § 44-1991.

67. Respondent WOODS directly or indirectly controlled PHOENIX FUNDING within the meaning of A.R.S. § 44-1999. Therefore, WOODS is jointly and severally liable to the same extent as PHOENIX FUNDING for its violations of A.R.S. § 44-1991.

68. Respondent CLEMENTE directly or indirectly controlled PHOENIX FUNDING within the meaning of A.R.S. § 44-1999. Therefore, CLEMENTE is jointly and severally liable to the same extent as PHOENIX FUNDING for its violations of A.R.S. § 44-1991.

VII.

TEMPORARY ORDER

Cease and Desist from Violating the Securities Act

THEREFORE, based on the above allegations, and because the Commission has determined that the public welfare requires immediate action,

IT IS ORDERED, pursuant to A.R.S. § 44-1972(C) and A.A.C. R14-4-307, that Respondents, their agents, servants, employees, successors, assigns, and those persons in active concert or participation with Respondents CEASE AND DESIST from any violations of the Securities Act.

IT IS FURTHER ORDERED that this Temporary Order to Cease and Desist shall remain in effect for 180 days unless sooner vacated, modified, or made permanent by the Commission.

IT IS FURTHER ORDERED that this Order shall be effective immediately.

VIII.

REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

1. Order Respondents to permanently cease and desist from violating the Securities Act, pursuant to A.R.S. § 44-2032;

2. Order Respondents to take affirmative action to correct the conditions resulting from Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;

3. Order Respondents to pay the state of Arizona administrative penalties of up to five thousand dollars ($5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

4. Order that WOODS and CLEMENTE's marital community is subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action pursuant to A.R.S. § 25-215; and

5. Order any other relief that the Commission deems appropriate.

IX.

HEARING OPPORTUNITY

Each Respondent may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. Rule 14-4-307. **If a Respondent requests a hearing, the requesting respondent must also answer this Temporary Order and Notice.** A request for hearing must be in writing and received by the Commission within 20 days after service of this Temporary Order and Notice. The requesting respondent must deliver or mail the request for hearing to Docket Control, Arizona Corporation Commission, 1200 West Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at www.azcc.gov/divisions/hearings/docket.asp.

If a request for hearing is timely made, the Commission shall schedule a hearing to begin 10 to 30 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. **Unless otherwise ordered by the Commission, this Temporary Order shall remain effective from the date a hearing is requested until a decision is entered.** After a hearing, the Commission may vacate, modify, or make permanent this Temporary Order,

with written findings of fact and conclusions of law. A permanent Order may include ordering restitution, assessing administrative penalties, or other action.

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

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, ADA Coordinator, 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.

X.

ANSWER REQUIREMENT

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

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

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

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

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this _____ day of _____.

_____
Matthew J. Neubert
Director of Securities