

ORIGINAL



0000133478

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

2012 JAN 17 P 4:47

JAN 17 2012

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

AZ CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY

In the matter of:

DOCKET NO. S-20823A-11-0407

THOMAS LAURENCE HAMPTON,  
CRD#2470192, and STEPHANIE YAGER,  
husband and wife,

**RESPONDENTS THOMAS LAURENCE  
HAMPTON AND HAMPTON CAPITAL  
MARKETS, LLC'S ANSWER TO  
AMENDED TEMPORARY ORDER TO  
CEASE AND DESIST AND NOTICE OF  
OPPORTUNITY FOR HEARING**

HAMPTON CAPITAL MARKETS, LLC, an  
Arizona limited liability company,

Respondents.

Respondents Thomas Laurence Hampton ("Mr. Hampton) and Hampton Capital Markets, LLC ("HCM") (collectively "Respondents") submit their Answer to the Amended Temporary Order to Cease and Desist and Notice of Opportunity for Hearing (the "Notice"). Respondents Mr. Hampton and HCM respond to the numbered paragraphs of the Notice as follows:

**I.**

**JURISDICTION**

- 1. Respondents deny the allegations in paragraph 1

**II.**

**RESPONDENTS**

- 2. Mr. Hampton admits the allegations in paragraph 2.
- 3. Respondents admit Mr. Hampton was a member of HCM, but deny the remaining allegations in paragraph 3.
- 4. Respondents lack sufficient knowledge or information to form a belief as to the

1 truth or falsity of the allegations contained in paragraph 4 and therefore deny the allegations.

2 5. The allegations in paragraph 5 contain an incomplete and inaccurate statement of  
3 the facts and are therefore denied.

4 6. Respondents lack sufficient knowledge or information to form a belief as to the  
5 truth or falsity of the allegations contained in paragraph 6 and therefore deny the allegations.

6 7. Respondents deny the allegations in paragraph 7.

7 8. Paragraph 8 does not require a response.

8 9. Respondents deny the allegations in paragraph 9.

9 10. Respondents deny the allegations in paragraph 10.

10  
11 **III.**

12 **FACTS**

13 **A. Respondents' Securities Trading Business**

14 11. Respondents deny the allegations in paragraph 11.

15 12. Paragraph 12 does not require a response.

16 13. The allegations in paragraph 13 contain an incomplete and inaccurate statement of  
17 the facts and are therefore denied.

18 a. The allegations in paragraph 13(a) contain an incomplete and inaccurate  
19 statement of the facts and are therefore denied.

20 b. The allegations in paragraph 13(b) contain an incomplete and inaccurate  
21 statement of the facts and are therefore denied.

22 c. The allegations in paragraph 13(c) contain an incomplete and inaccurate  
23 statement of the facts and are therefore denied.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

- d. The allegations in paragraph 13(d) contain an incomplete and inaccurate statement of the facts and are therefore denied.
- e. The allegations in paragraph 13(e) contain an incomplete and inaccurate statement of the facts and are therefore denied.
- f. The allegations in paragraph 13(f) contain an incomplete and inaccurate statement of the facts and are therefore denied.

**B. The Hedge Fund Investments**

- 14. Respondents deny the allegations in paragraph 14.
- 15. The allegations in paragraph 15 contain an incomplete and inaccurate statement of the facts and are therefore denied.
- 16. Respondents deny the allegations in paragraph 16.
- 17. The allegations in paragraph 17 contain an incomplete and inaccurate statement of the facts and are therefore denied.
  - a. The allegations in paragraph 17(a) contain an incomplete and inaccurate statement of the facts and are therefore denied.
  - b. The allegations in paragraph 17(b) contain an incomplete and inaccurate statement of the facts and are therefore denied.
- 18. The allegations in paragraph 18 contain an incomplete and inaccurate statement of the facts and are therefore denied.
- 19. The allegations in paragraph 19 contain an incomplete and inaccurate statement of the facts and are therefore denied.
- 20. The allegations in paragraph 20 contain an incomplete and inaccurate statement of the facts and are therefore denied.

1           21.    The allegations in paragraph 21 contain an incomplete and inaccurate statement of  
2 the facts and are therefore denied.

3           22.    The allegations in paragraph 22 contain an incomplete and inaccurate statement of  
4 the facts and are therefore denied.

5           23.    The allegations in paragraph 23 contain an incomplete and inaccurate statement of  
6 the facts and are therefore denied.

7           24.    The allegations in paragraph 24 contain an incomplete and inaccurate statement of  
8 the facts and are therefore denied.

9  
10           a.    The allegations in paragraph 24(a) contain an incomplete and inaccurate  
11 statement of the facts and are therefore denied.

12           b.    The allegations in paragraph 24(b) contain an incomplete and inaccurate  
13 statement of the facts and are therefore denied.

14           c.    The allegations in paragraph 24(c) contain an incomplete and inaccurate  
15 statement of the facts and are therefore denied.

16           d.    The allegations in paragraph 24(d) contain an incomplete and inaccurate  
17 statement of the facts and are therefore denied.

18  
19           25.    The allegations in paragraph 25 contain an incomplete and inaccurate statement of  
20 the facts and are therefore denied.

21           26.    The allegations in paragraph 26 contain an incomplete and inaccurate statement of  
22 the facts and are therefore denied.

23           27.    The allegations in paragraph 27 contain an incomplete and inaccurate statement of  
24 the facts and are therefore denied.

25  
26 //

27

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

**C. The Arizona Offeree**

28. Respondents lack sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained in paragraph 28 and therefore deny the allegations.

**D. General Hedge Fund Investment Allegations**

29. Respondents deny the allegations in paragraph 29.

30. The allegations in paragraph 30 contain an incomplete and inaccurate statement of the facts and are therefore denied.

31. The allegations in paragraph 31 contain an incomplete and inaccurate statement of the facts and are therefore denied.

32. Respondents deny the allegations in paragraph 32.

**IV.**

**VIOLATION OF A.R.S. § 44-1841**

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

33. Respondents deny the allegations in paragraph 33.

34. The allegations in paragraph 34 contain an incomplete and inaccurate statement of the facts and are therefore denied.

35. Respondents deny the allegations in paragraph 35.

**V.**

**VIOLATION OF A.R.S. § 44-1842**

**(Transactions by Unregistered Dealers or Salesmen)**

36. Respondents deny the allegations in paragraph 36.

37. Respondents deny the allegations in paragraph 37.

38. Respondents deny each and every allegation not specifically admitted herein.

**AFFIRMATIVE DEFENSES**

The following affirmative defenses nullify any potential claims asserted by the Division. Respondents Mr. Hampton and HCM reserve the right to amend this Answer to assert additional defenses after completion of discovery.

**First Affirmative Defense**

The ACC cannot meet the applicable standards for any of the relief it is seeking in the Notice.

**Second Affirmative Defense**

The Notice fails to state a claim upon which relief can be granted.

**Third Affirmative Defense**

Respondents did not offer or sell securities within the meaning of the Arizona Securities Act.

**Fourth Affirmative Defense**

Respondents did not offer or sell any investment contracts to Arizona residents.

**Fifth Affirmative Defense**

Respondents did not engage in any activity that required registration with the Arizona Corporation Commission's Securities Division.

**Sixth Affirmative Defense**

Restitution is not an appropriate remedy.

**Seventh Affirmative Defense**

To the extent an award of restitution is ordered, the ACC should use its discretion to reduce the amount, if any, Respondents must pay.

BADE BASKIN RICHARDS PLC  
80 EAST RIO SALADO PARKWAY  
SUITE 511  
TEMPE, ARIZONA 85281  
TELEPHONE NO 480-968-1225  
FACSIMILE 480-968-6255

Eight Affirmative Defense

1  
2 Respondents allege such other affirmative defenses set forth in the Arizona Rules of Civil  
3 Procedure 8(c) as may be determined to be applicable during discovery.  
4

5 RESPECTFULLY SUBMITTED this 17<sup>th</sup> day of January, 2012.

6 BADE BASKIN RICHARDS PLC

7  
8  
9 By   
10 Alan S. Baskin  
11 80 East Rio Salado Parkway, Suite 511  
12 Tempe, Arizona 85281  
13 Attorneys for Respondents Thomas  
14 Laurence Hampton and Hampton  
15 Capital Markets, LLC

16 ORIGINAL and thirteen copies of the foregoing  
17 filed this 17<sup>th</sup> day of January, 2012 with:

18 Docket Control  
19 Arizona Corporation Commission  
20 1200 West Washington Street  
21 Phoenix, AZ 85007

22 COPY of the foregoing hand-delivered  
23 this 17<sup>th</sup> day of January, 2012 to:

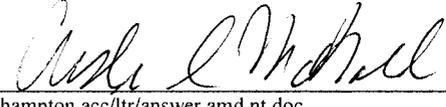
24 Matthew J. Neubert  
25 Director of Securities  
26 Securities Division  
27 Arizona Corporation Commission  
1300 W. Washington Street, 3<sup>rd</sup> Floor  
Phoenix, AZ 85007

COPY of the foregoing mailed  
this 17<sup>th</sup> day of January, 2012 to:

**BADE BASKIN RICHARDS PLC**  
80 EAST RIO SALADO PARKWAY  
SUITE 511  
TEMPE, ARIZONA 85281  
TELEPHONE NO 480-968-1225  
FACSIMILE 480-968-6255

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

Paul Huynh  
Securities Division  
Arizona Corporation Commission  
1300 W. Washington, 3<sup>rd</sup> Floor  
Phoenix, AZ 85007



hampton.acc/ltr/answer amd nt.doc