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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

**BEFORE THE ARIZONA CORPORATION COMMISSION**

6 In the matter of: 7 8 SOUTHWEST BIOFUELS, LLC, a Nevada limited liability company and 9 RICK J. JIMENEZ and SUSAN C. JIMENEZ, husband and wife 10 Respondents,	) Docket No. S-20834A-12-0033 ) ) ) <b>RESPONDENTS SOUTHWEST</b> <b>BIOFUELS, LLC AND RICK J. AND</b> <b>SUSAN C. JIMENEZ'S ANSWER TO</b> <b>TEMPORARY ORDER AND NOTICE</b>
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12 Respondents Southwest Biofuels, LLC ("Southwest") and Rick J. Jimenez  
13 ("Jimenez") and Susan C. Jimenez, for their Answer to Temporary Order and Notice,  
14 admit, deny and allege as follows:

15 **I.**

16 **JURISDICTION**

- 17 1. Respondents admit the allegations of paragraph 1.

18 **II.**

19 **RESPONDENTS**

- 20 2. Respondents deny that Southwest is member managed but admit the
- 21 remaining allegations of paragraph 2.
- 22 3. Respondents admit the allegations of paragraph 3.
- 23 4. Paragraph 4 does not call for an admission or denial.

24 Arizona Corporation Commission

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1 remaining allegations of paragraph 15.

2 16. Respondents affirmatively allege that the PPM speaks for itself and deny any  
3 remaining allegations of paragraph 16.

4 17. Respondents affirmatively allege that the PPM speaks for itself and deny any  
5 remaining allegations of paragraph 17.

6 18. Respondents are without sufficient information to admit or deny the  
7 allegations of paragraph 18 and therefore deny the same.

8 19. Respondents admit the allegations of paragraph 19 and deny any allegation  
9 that Jimenez is or was required to be registered as a securities salesman or dealer.

10 **IV.**

11 **VIOLATION OF A.R.S. § 44-1841**

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

13 20. Respondents are without sufficient information as to what is meant by the  
14 term "investment contracts" and therefore deny paragraph 20. In order to admit or deny  
15 the allegations of paragraph 20, Respondents request a more definite statement  
16 regarding the meaning of "investment contracts" as used in paragraph 20.

17 21. Respondents admit they have not registered securities. To the extent  
18 paragraph 21 alleges that Respondents were required to register securities, Respondents  
19 deny the allegations.

20 22. Respondents deny the allegations of paragraph 22.

21 **V.**

22 **VIOLATION OF A.R.S. § 44-1842**

23 **(Transactions by Unregistered Dealers of Salesmen)**

24 23. Respondents deny the allegations of paragraph 23.

25 24. Respondents deny the allegations of paragraph 24.

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VI.

**VIOLATION OF A.R.S. § 44-1991**

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

25. Respondents deny the allegations of paragraph 25.

26. Respondents deny the allegations of paragraph 26.

27. Respondents deny the allegations of paragraph 27.

28. Respondents deny all allegations not specifically admitted in this Answer.

**AFFIRMATIVE DEFENSES**

Respondents allege the following affirmative defenses:

1. As and for their affirmative defense, Respondents affirmatively allege that the alleged "salesman" referred to acted without the authority of Respondents.

2. As and for their affirmative defense, Respondents affirmatively allege they had no knowledge of or reasonable grounds to believe in the existence of the facts by reason of which their liability is alleged to exist.

3. As and for their affirmative defense, Respondents affirmatively allege they did not know and in the exercise of reasonable care could not have known of any alleged untrue or misleading statements or omissions of the "salesman" alleged in this action.

4. As and for their affirmative defense, Respondents allege that any securities transactions were exempt from registration requirements under A.R.S. §§ 44-1834, 44-1844, AAC Rule 14-4-139 and/or Rule 14-4-140.

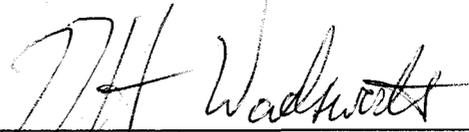
5. Respondents have not yet had a chance to conduct appropriate discovery in this matter. So as not to waive any other applicable defenses at law or in equity, which may be shown to apply, all defenses set forth in the Arizona Securities Act and the A.A.C. Rules are incorporated herein by this reference.

**WHEREFORE**, Respondents pray that the Temporary Order and Notice be

1 quashed and that this action be dismissed.

2  
3 RESPECTFULLY SUBMITTED this 28<sup>th</sup> day of February, 2012.

4 ROWLEY CHAPMAN BARNEY & BUNTROCK, LTD.

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12 COPY of the foregoing FILED this  
13 28<sup>th</sup> day of February, 2012, with:

14 Arizona Corporation Commission  
15 Hearings Division  
16 1200 West Washington  
17 Phoenix, AZ 85007

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