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Burton M. Bentley (Bar No.: 000980)
THE BENTLEY LAW FIRM, P.C.
5343 N. 16th St., Suite 480
Phoenix, AZ 85016
Phone: (602) 861-3055
Fax: (602) 861-3230
E-mail: bmb@burtonbentley.com

Alan S. Baskin (Bar No. 013155)
BADE BASKIN RICHARDS PLC
80 E. Rio Salado Parkway, Suite 511
Tempe, AZ 85281
Phone: (480) 968-1225
Fax: (480) 968-6255
E-mail: alan@bbrplc.com

Attorneys for Respondents
Chris Dean Dedmon, Kimberly Dedmon,
and SDC Montana Consulting, LLC

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

In the matter of:

DOCKET No.: S-03479A-12-0360

CHRISTOPHER DEAN DEDMON
CRD#3015575 and KIMBERLY DEDMON,
husband and wife,

ROBERT R. COTTRELL (a.k.a “ROB
COTTRELL”),

SDC MONTANA CONSULTING, LLC (a.k.a.,
d.b.a., a.b.n. “SDC MONTANA” and “SDC
MONTANA OIL & GAS EXPLORATION”),
an Arizona limited liability company,

RSC ADVENTURES LLC, an Arizona limited
liability company,

Respondents.

**ANSWER OF RESPONDENTS’
CHRISTOPHER DEAN DEDMON,
KIMBERLY DEDMON, AND SDC
MONTANA CONSULTING, LLC**

Pursuant to A.C.C.H. Rule 14-4-305, Respondents Christopher Dean Dedmon (“Dedmon”) Kimberly Dedmon, and SDC Montana Consulting, LLC (“SDC”) for and on behalf of themselves and none others do hereby file their Answer to the Notice of Opportunity For Hearing Regarding Proposed Order To Cease And Desist, Order For Restitution, Order For

1 Administrative Penalties and Order For Other Affirmative Action, and do hereby admit, deny
2 and allege as follows.

3 **I.**

4 **JURISDICTION**

5 1. Admit the allegations of paragraph 1.

6 **II.**

7 **RESPONDENTS.**

8 2. Admit the allegations of paragraphs 2-5 inclusive.

9 3. In answer to paragraph 6, Respondents do not have information or knowledge
10 sufficient to form a belief as to the truth of said allegations.

11 4. Admit the allegations of paragraphs 7-14.

12 5. Deny the allegations of paragraph 15 and thereon allege that only SDC is
13 “engaged in oil and gas exploration and development, including the procurement of oil, gas and
14 mineral rights” (the “Business”).

15 6. Admit the allegations of paragraph 16.

16 7. Said Respondents have no information or knowledge sufficient to form a belief as
17 to the truth of the allegations of paragraph 17, and thereon allege that SDC’s website from time
18 to time contained all manner of graphics related to the Business of SDC.

19 8. Admit the allegations of paragraphs 18 and 19.

20 9. Deny the allegations of paragraph 20 and thereon allege that only SDC issued
21 membership interests in SDC as the issuer thereof.

22 10. Admit the allegations of paragraphs 21, 22 and 23.

23 11. In answer to paragraphs 24-29 inclusive, Respondents do not have information or
24 knowledge sufficient to form a belief as to the truth of the allegations therein except that they
25 admit proceeds from the sale of memberships by SDC went to SDC.

26 12. Admit the allegations of paragraphs 30, 31, 32 and 33.

27 13. Respondents do not have information or knowledge sufficient to form a belief as
to the truth of the allegations of paragraphs 34, 35, 36 and 37.

1 15. In answer to paragraphs 38-52 inclusive, Respondents do not have information or
2 knowledge sufficient to form a belief as to the allegations therein.

3 16. In answer to paragraph 53, Respondents do not have information or knowledge
4 sufficient to form a belief as to the truth of the allegations referable to Cottrell, and as to the
5 remaining allegations Respondents deny same and thereon allege that all proceeds from the sale
6 of Memberships in SDC were deposited to bank accounts of which the owner/depositor was
7 SDC and none others.

8 17. Deny the allegations of paragraph 54, as no representations were made concerning
9 the comingling, or pooling of proceeds from the sale of SDC memberships

10 18. Admit the allegations of paragraphs 55, 56 and 57.

11 19. Deny the allegations of paragraph 58.

12 20. The allegations in paragraphs 59-65 are taken out of context and are an inaccurate,
13 incomplete and misleading statement of the facts. Accordingly, Respondents deny each and
14 every allegation in paragraphs 59-65 of the Notice.

15 21. The allegations in paragraphs 66-69 are taken out of context and are an inaccurate,
16 incomplete and misleading statement of the facts. Accordingly, Respondents deny each and
17 every allegation in paragraphs 66-69 of the Notice.

18 22. Respondents do not have information or knowledge sufficient to form a belief as
19 to the truth of the allegations of paragraph 70.

20 23. Admit the allegations of paragraph 71.

21 24. In answer to paragraph 72, Respondents allege that none of these answering
22 Respondents authorized Cottrell to make any statements to the "offeree" (whomever he or she
23 might be), on behalf of Dedmon.

24 25. Admit the allegations of paragraphs 73-75.

25 26. Admit the allegations of paragraphs 76 and 78, there being no paragraph 77 and
26 therefore no response is required.

27 27. Deny the allegations of paragraph 79.

28 28. Deny the allegations of paragraph 80.

29 29. Admit the allegations of paragraph 81.

1 30. Deny all allegations as to which no response has been given.

2 **AFFIRMATIVE DEFENSES**

3 As and for its Affirmative Defenses, Respondents allege as follows:

4 **First Affirmative Defense**

5 Pursuant to A.A.C.R. 14-4-308(c)(1) Respondents are entitled to a set-off for all
6 restitution paid to SDC investors.

7 **Second Affirmative Defense**

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

10 **Third Affirmative Defense**

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

12 **Fourth Affirmative Defense**

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

15 **Fifth Affirmative Defense**

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

18 **Sixth Affirmative Defense**

19 If the program at issue is determined to be a security, it was exempt from registration
20 and/or sold in an exempt transaction.

21 **Seventh Affirmative Defense**

22 Respondents did not act with the requisite scienter.

23 **Eighth Affirmative Defense**

24 The Division has failed to plead fraud with reasonable particularity as required by Rule
25 9(b) of the Arizona Rules of Civil Procedure.

26 **Ninth Affirmative Defense**

27 The alleged investors suffered no injuries or damages as a result of Respondents alleged
acts.

1 (iii) Membership Interests purchased in SDC have not resulted in any losses to
2 any of the investors; and

3 (iv) further profits will accrue to SDC and its investors indefinitely from
4 anticipated royalties from currently producing wells as well as from future
5 wells that go online and become producing wells.

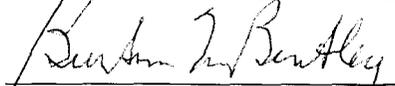
6 Nineteenth Affirmative Defense

7 If investors retrieve the entire "consideration paid," plus interest in the form of
8 distributions made by the issuer, there is no further "restitution" that is due and payable
9 pursuant to ARS §44-1201.

10 WHEREFORE, Respondents pray that the Commission issue Orders consistent with
11 Respondents' asserted Affirmative Defenses set forth above.

12 DATED this 13th day of September, 2012.

13 THE BENTLEY LAW FIRM, P.C.

14 
15 _____
16 Burton M. Bentley
Attorneys for Respondents
Chris Dean Dedmon, Kimberly Dedmon,
and SDC Montana Consulting, LLC

17 Original and thirteen (13) copies
18 hand-delivered this 13th day of
19 September, 2012, to:

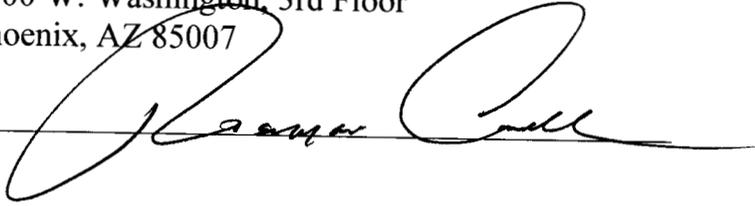
20 Docket Control
21 Arizona Corporation Commission
22 1200 West Washington
Phoenix, Arizona 85007

23 COPY of the foregoing hand-delivered
24 this 13th day of Sepetember, 2012 to:

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

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Ryan J. Millecam
Staff Attorney
Arizona Corporation Commission, Securities Division
1300 W. Washington, 3rd Floor
Phoenix, AZ 85007

A handwritten signature in black ink, appearing to read "Ryan J. Millecam", is written over a horizontal line. The signature is fluid and cursive, with a large initial "R" and "M".