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AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
**DOCKETED**

OCT 02 2012

DOCKETED BY *AM*

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Attorneys for Respondents: Arizona Gold Processing, LLC, an Arizona limited liability company; AZGO, LLC, an Arizona limited liability company; and Charles L. Robertson, an individual

**BEFORE THE ARIZONA CORPORATION COMMISSION**

In the matter of:

ARIZONA GOLD PROCESSING, LLC, an Arizona limited liability company,

AZGO, LLC, an Arizona limited liability company,

and

CHARLES L. ROBERTSON, a married man

Respondents.

DOCKET NO. S-20846A-12-0135

**RESPONDENTS' REPLY IN SUPPORT OF THEIR MOTION TO CONTINUE HEARING CURRENTLY SET FOR OCTOBER 9, 2012**

Respondents' hereby reply in support of their Motion to Continue Hearing Currently Set for October 9, 2012.

1           On September 12, Respondents became aware that Dr. Patrick Hayes cannot  
2 attend the Hearing scheduled for October 9, 2012 because he must renew his Work  
3 Permit and Resident Permit in China at such time, and because the Chinese renewal  
4 process requires that he be present there in person. Dr. Hayes is not an officer of  
5 Respondent Arizona Gold Processing, LLC or of AZGO LLC. Respondents do not  
6 control Dr. Hayes' schedule; and they cannot require Dr. Hayes to change his travel  
7 plans. The fact that the Hearing was set four months ago is completely irrelevant to the  
8 question of whether it is fair to penalize Respondents for the inconvenient work schedule  
9 of an essential witness.

10           What is relevant and material to this question is that Dr. Hayes' presence at the  
11 Hearing is crucial to Respondents' ability to defend themselves against the Division's  
12 accusations. Dr. Hayes is the Chief Executive Officer of WTF Asia International Ltd.--  
13 the company that manufactured the gold and silver ore processing equipment at issue in  
14 this matter.<sup>1</sup> WTF Asia International Ltd. is based in China; and it is vital to the  
15 company's business that Dr. Hayes renew his Chinese Work Permit and Resident Permit.

16           Dr. Hayes is the leading expert on the equipment that the Division alleges to be  
17 scientifically unsound. Dr. Hayes' testimony must not be taken separately from the  
18 Hearing because the Division is alleging, unfortunately, that Dr. Hayes' invention (i.e.,  
19 the ore processing equipment) is part and parcel of a fraud that the Division alleges to  
20 have been committed by Respondents. It is a certainty that the science behind the  
21 equipment's "electrostatic separation" process will be discussed at various times and in  
22 various ways *throughout the Hearing*. Therefore, Dr. Hayes' presence at the entire  
23 Hearing is crucial.

24           In addition to Dr. Hayes' technical expertise as to the science and the equipment  
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26 <sup>1</sup> Attached hereto as Exhibit 1 is a brief outline of Dr. Hayes' qualifications.

1 that are at the very heart of the business the Division is challenging, Dr. Hayes is also a  
2 fact witness. Indeed, the representations made in connection with the private offering of  
3 securities at issue in these proceedings were based on information Respondents obtained  
4 from Dr. Hayes.

5 Dr. Hayes controls the supply contracts with the placer mines from which the  
6 Respondent issuer obtains ore to be processed into precious metals. The ore is then  
7 processed using equipment Dr. Hayes sold and supplied to Respondents. Thereafter, the  
8 ore is further processed at refineries in accordance with specifications controlled by Dr.  
9 Hayes through separate and additional contracts. Even though Dr. Hayes may not be an  
10 officer of the Respondent entities, he is intimately involved in nearly every aspect of  
11 Respondents' business. Moreover, he is the leading authority on the economics of ore  
12 processing using the methods employed by Respondents. The Division's attempt to  
13 downplay Dr. Hayes' importance to the Hearing--by implying that it may not even cross-  
14 examine Dr. Hayes--lacks any credibility whatsoever.

15 Dr. Hayes' absence from the Hearing on October 9 is not the only good reason for  
16 finding that the Hearing should be continued. On October 2, 2012, Respondents filed a  
17 Motion in Limine seeking to exclude from the Hearing all evidence of offers or sales of  
18 securities or other securities-related transactions by Respondents where the same were  
19 not made to or with persons or entities resident or domiciled in Arizona. That Motion  
20 was only recently filed because it is based on exhibits that the Division disclosed for the  
21 first time at the close of business on Friday, August 31, 2012. Respondents suggest that  
22 it would be strongly advisable to fully brief and argue Respondents' Motion in Limine  
23 before the Hearing, because the outcome of that Motion will directly affect both the  
24 length and the tenor of the Hearing. For example, if Respondents' Motion is granted,  
25 then the Hearing will only concern offers and sales of securities allegedly made by  
26 Respondents to only two Arizona residents, which, according to the Division, were made

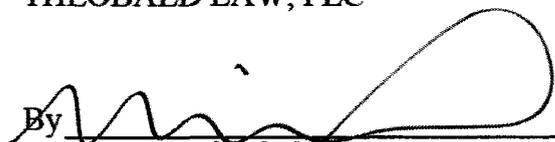
1 in violation of Arizona's securities laws. But if Respondents' Motion in Limine were to  
2 be denied, then it is expected that the Division would endeavor to present evidence of  
3 offers and sales of securities by Respondents *nationwide*. In such case, Respondents  
4 would need additional time to prepare for the Hearing, Respondents again suggesting,  
5 with respect, that the one-month period of time between the Division's disclosure of its  
6 "evidence" and the currently scheduled start date for the Hearing is simply not a  
7 reasonable amount of time within which to mount an effective defense against  
8 allegations of securities violations occurring in many other states.

9 Even without considering Respondents' pending Motion in Limine, one month to  
10 examine and review all of the documentary evidence that the Division believes supports  
11 its allegations is simply insufficient; indeed, it would be significantly prejudicial to  
12 Respondents. This fact alone, if for no other reason (and there are several), substantiates  
13 the "good cause" that is required under Rule R-14-3-109(Q) to be found as a basis for  
14 continuing the Hearing.

15 For all of the foregoing reasons, Respondents respectfully request that their  
16 Motion to Continue be granted.

17 RESPECTFULLY SUBMITTED this 2<sup>nd</sup> day of October, 2012.

18 THEOBALD LAW, PLC

19  
20 By   
21 Scott M. Theobald  
22 Mark A. Nickel  
23 Attorneys for Respondents and on  
24 behalf of Darin H. Mangum  
25  
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1 ORIGINAL and thirteen (13) copies of the  
2 foregoing filed this 2<sup>nd</sup> day of October, 2012 with:

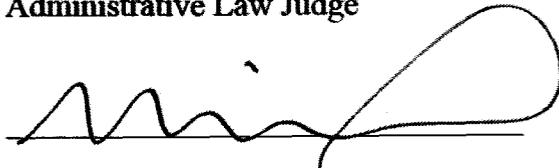
3 Arizona Corporation Commission  
4 Docket Control  
5 1200 West Washington Street  
6 Phoenix, Arizona 85007

7 COPY of the foregoing emailed  
8 this 2<sup>nd</sup> day of October, 2012 to:

9 Wendy L. Coy, Esq.  
10 Arizona Corporation Commission  
11 Securities Division  
12 1300 West Washington Street, 3<sup>rd</sup> Floor  
13 Phoenix, Arizona 85007

14 COPY of the foregoing delivered  
15 this 2<sup>nd</sup> day of October, 2012 to:

16 Marc E. Stern  
17 Administrative Law Judge

A handwritten signature in black ink, appearing to read "Marc E. Stern", is written over a horizontal line. The signature is fluid and cursive, with a large loop at the end.

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# **EXHIBIT 1**

## *Dr. Patrick Hayes PhD*

### **Doctorate in Computer Science Masters in Environmental Science**

#### **White Papers:**

UQD – Universal Quantum Dynamics - 1997  
NetSafe – Internet Filtering Solution – 1997  
SpeedyIP – IP traffic facilitation – 2000  
HydroPure – The Elimination of Smoke from Coal Fired Power Plants – 2001  
The Universal Oversight to Hydrogen Use Technologies – 2001  
Natural Solutions to Manmade Disasters – 2001  
T.O.R. – Elimination of the Tire and Waste Problem – 2001  
MRM – Using the Electrical Properties of Elements for Separation – 2003

#### **Personal:**

Age: 62  
Married w/ 2 Children  
Resides in Fuzhou, China and  
Phoenix, AZ  
Speaks English, Chinese and  
Spanish

#### **Education:**

University of Arkansas –  
Hydrostatic Certification – 1973  
Southern Arkansas University –  
Fire Technology/ES – Masters –  
1979  
Asia Pacific University/Tokyo  
University – Doctorate of  
Humanities – 2000  
University of Exeter – Doctor of  
Philosophy – Computer Science –  
2000  
Hillsboro Seminary – Doctor of  
Theology – Pastoral - 2002

#### **Patents:**

SpeedyIP™ – August 1997  
ORF-2001™ - November 2000  
HydroTek™ - November 2001  
HydroPure™ - November 2001  
T.O.R.™ - November 2002  
MRM™ - May 2006

#### **Trademarks:**

ORF-2001™  
Child Shield™  
T.O.R.™  
MRM™

#### **Copyrights:**

Child Shield® - Number TX-4-829-259 – Filter  
Source Code – Published 31/Aug97

#### **Dr. Hayes:**

"I have never been one to be satisfied by answers that included "it can not be done" or "you can't do that." My philosophy on any problem is to seek out the answer through common sense and that if a man can make the problem, then a man can correct the problem. I always like to look at what people have provided as solutions to problems, and then tear the answer apart to find a more acceptable solution to the problem. Using this thought process has helped me to develop new answers to problems but with a more economical solution. Having the ability to be broad visional instead of narrowed focus has allowed me to see answers to multiple problems as they are related to one single problem. Also having discovered the true basic core of all theories and applications, and learning how to apply this basic core dynamics to come up with the solutions to the problems I am working on, has enabled me to have a much broader vision than most other researchers."