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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

GARY PIERCE, Chairman
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PAUL NEWMAN
BRENDA BURNS

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DOCKETED

DEC 04 2012

DOCKETED BY

In the matter of:

DOCKET NO. S-20823A-11-0407

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

**SECOND AMENDED NOTICE OF
OPPORTUNITY FOR HEARING
REGARDING PROPOSED ORDER TO
CEASE AND DESIST, ORDER FOR
RESTITUTION, ORDER FOR
ADMINISTRATIVE PENALTIES, ORDER OF
REVOCATION, AND ORDER FOR OTHER
AFFIRMATIVE ACTION**

TIMOTHY D. MORAN, CRD#2326078, and
PATRICIA MORAN, husband and wife,

PATRICK MORAN, CRD#1496354, and
KELLY MORAN, husband and wife,

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

Respondents

NOTICE: EACH RESPONDENT HAS 10 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 THOMAS LAURENCE HAMPTON, TIMOTHY D. MORAN, PATRICK MORAN, and HAMPTON CAPITAL MARKETS, LLC, have engaged in acts, practices, and transactions that constitute violations of A.R.S. § 44-1801, *et seq.*, the Arizona Securities Act ("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

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3 1. At all relevant times, Respondent THOMAS LAURENCE HAMPTON
4 (“HAMPTON”) has been an Arizona resident.

5 2. At all relevant times, HAMPTON has been offering and/or selling the hedge fund
6 investments discussed below on behalf Respondent HAMPTON CAPITAL MARKETS, LLC
7 (“HCM”) as its member, “Managing Director,” and securities salesman or dealer.

8 3. HAMPTON, CRD# 2470192,¹ was registered as a securities salesman (*i.e.*, registered
9 representative) by the Financial Industry Regulatory Authority (“FINRA”)², Illinois, Kansas, and
10 Missouri state securities agencies from approximately 1994 to 1995.

11 4. In January 2009, HAMPTON applied with both the Commission and FINRA to
12 become registered as a securities salesman (the “2009 Registration Application”). HAMPTON’s 2009
13 Registration Application was terminated and/or withdrawn without approval. As a result, at all
14 relevant times, HAMPTON has not been registered by the Commission as a securities salesman or
15 dealer.

16 5. At all relevant times, Respondent TIMOTHY D. MORAN (“TIM”) has been an
17 Arizona resident.

18 6. Beginning May 27, 1993, to December 2, 2011, TIM, CRD# 2326078, was registered
19 in Arizona as a securities salesman. From May 26, 2010, to December 2, 2011, TIM was associated
20 with FSC Securities Corporation (“FSC”), CRD# 7461.

21 7. From the period of October 1, 2007, to the present, TIM has been licensed in Arizona
22 as an investment advisor representative.

23
24
25 ¹ CRD is an acronym for the “Central Registry Depository.” The CRD is a computerized database that can be used by
26 securities regulators to locate, for instance, complaints filed against or disciplinary history regarding registered
securities salesman or dealers. Potential investors may ask their state securities regulators like the Commission for
information contained in the CRD.

² FINRA is a self-regulatory organization that regulates financial service firms that deal with the public in the United
States.

1 8. At all relevant times, Respondent PATRICK MORAN (“PAT”) has been an Arizona
2 resident. PAT (CRD# 1496354) has not been registered in Arizona as a securities salesman since
3 November 2004.

4 9. HCM was organized by HAMPTON as an Arizona limited liability company on or
5 about June 13, 2007.

6 10. At all relevant times, HCM has maintained a place of business in Scottsdale, Arizona
7 and it has been issuing, offering, and/or selling the hedge fund investments discussed below within or
8 from Arizona. HCM has not been registered by the Commission as a securities dealer.

9 11. HAMPTON, TIM, PAT, and HCM may be referred to collectively as “Respondents.”

10 12. At all relevant times STEPHANIE YAGER has been an Arizona resident and the
11 spouse of HAMPTON.

12 13. At all relevant times PATRICIA MORAN has been an Arizona resident and the
13 spouse of TIM.

14 14. At all relevant times KELLY MORAN has been an Arizona resident and the spouse of
15 PAT.

16 15. STEPHANIE YAGER, PATRICIA MORAN, and KELLY MORAN may be referred
17 to hereafter as “Respondent Spouses.” Respondent Spouses are joined in this action under A.R.S.
18 § 44-2031(C) solely for purposes of determining the liability of Respondents’ and Respondent
19 Spouses’ marital communities.

20 16. At all relevant times Respondents HAMPTON, TIM, and PAT have been acting for
21 their own benefit, and for the benefit or in furtherance of their marital communities with Respondent
22 Spouses.

1 III.

2 FACTS

3 A. General Allegations

4 17. In or around 2009, TIM met HAMPTON, who represented to TIM that he was a
5 former Chicago Board of Trade floor trader and an index-arbitrage trader.

6 18. HAMPTON represented that he intended to engage in an index derivative arbitrage
7 program that sought to obtain profits by taking advantage of price imbalances or inefficiencies in
8 the markets; however, HAMPTON did not have the capital to pay for a software programmer,
9 programming costs, equipment or trading development costs.

10 19. HAMPTON and TIM entered into an agreement whereby TIM agreed to pay for
11 development and equipment costs so that HAMPTON could fund a brokerage account and, through
12 actionable code, effectuate near-immediate orders to capture price imbalances or inefficiencies in
13 the markets. TIM and HAMPTON were to share equally in the trading profits.

14 20. In or around January 2010, TIM provided HAMPTON with \$50,000 for use in his
15 trading activities.

16 21. HAMPTON, within and from Arizona, represented to offerees and/or investors that:
17 (a) HCM is a hedge fund managed by HAMPTON; and (b) that HAMPTON and/or HCM is
18 engaged in the business of buying and selling exchange traded funds ("ETF") using a trading
19 strategy developed by HAMPTON (the "Business").

20 22. From at least September 2010 to October 2011, Respondents HAMPTON and HCM
21 have been offering and/or selling passive investments to the general public to raise a pool of capital
22 to fund HAMPTON's ETF trading business (the "Hedge Fund Investment(s)").

23 23. An exchange traded fund, or "ETF," is typically a registered investment company
24 that owns a portfolio of securities that track an underlying benchmark or index, such as the S&P
25 500[®] equities market index. Shares of an ETF can be traded on a stock exchange like the New
26 York Stock Exchange, similar to stock.

1 24. TIM and/or his various entities provided financial planning, securities, and/or
2 investment advisory services to clients from an office located in Scottsdale, Arizona.

3 25. Sometime after January 2010, HAMPTON began to conduct his Business from
4 TIM's Scottsdale office.

5 26. HAMPTON conducted some, if not all, of the trading activity from a computer
6 setup located in TIM's business office.

7 27. Beginning in September 2010, PAT began offering and selling the Hedge Fund
8 Investments to Arizona residents. For example, in September 2010, PAT offered and/or sold the
9 Hedge Fund Investment to an Arizona resident. PAT also supplied the HCM investment
10 paperwork to the Arizona investor.

11 28. Beginning in September 2010, TIM began offering and selling the Hedge Fund
12 Investments to Arizona residents and to certain investment clients.

13 a) For example, in September 2010, TIM offered and/or sold the Hedge Fund
14 Investment to an Arizona resident. TIM contacted the Arizona resident and discussed and
15 described the Hedge Fund Investment and the Arizona resident invested \$50,000 as a result.

16 b) For example, in January 2011, TIM offered and/or sold the Hedge Fund
17 Investment to an Arizona resident. TIM stated to the Arizona resident that he had "found gold"
18 and explained the Hedge Fund Investment and the Arizona resident invested \$50,000 as a result.

19 c) For example, in October 2010, TIM offered and/or sold \$100,000 of the
20 Hedge Fund Investment to an Arizona resident. TIM stated to the Arizona resident that he had
21 personally invested in the Hedge Fund Investment and felt it was a good alternative investment. In
22 April 2011, at a quarterly meeting with TIM to discuss the Arizona resident's investment portfolio,
23 TIM asked the investor if he wanted to invest again due to the success the fund was experiencing
24 and as a result the investor invested another \$100,000.

25 29. In May 2011, an entity owned and/or controlled by TIM made a \$25,000 purchase
26 of the Hedge Fund Investment on behalf of an Arizona resident who was an investment client of

1 TIM's. The disbursement to HCM in the memo or comment field referenced the investment
2 client's name.

3 30. Certain investors also met with HAMPTON, sometimes in TIM's office, and
4 HAMPTON discussed and/or emphasized to investors that the Hedge Fund Investment would be
5 highly liquid because HCM rarely held positions overnight.

6 31. Certain investors received and executed Subscription Agreements.

7 32. The Subscription Agreement states that HCM is issuing and selling a minimum of
8 ten Hedge Fund Investments, for a "total minimum" investment offering of \$500,000.

9 33. Regarding Hedge Fund Investment sales commissions, the Subscription Agreement
10 states that a "5% fee will be paid to introducing solicitor upon receipt of funds."

11 34. The Subscription Agreement states that to purchase a Hedge Fund Investment, an
12 investor has to:

- 13 a. List the amount of the investor's desired principal investment amount (*i.e.*,
14 \$50,000+), and select the desired Profits to be received (*i.e.*, 10% interest per
15 annum, or "Profit Sharing" Profits);
- 16 b. Make their principal investment check payable to HCM;
- 17 c. Sign and date the Subscription Agreement, and send it along with the investment
18 funds to Respondents at their Scottsdale, Arizona business address; and
- 19 d. Complete an attached "ACCREDITED INVESTOR QUESTIONNAIRE"
20 representing to Respondents that the investor believes he or she is an accredited
21 investor, generally defined in the questionnaire as a person who has either a net
22 worth exceeding \$1,000,000, or individual income in excess of \$200,000 in each of
23 the last two years.

24 35. Also attached to the Subscription Agreement is a four page W-9 tax form to be
25 completed by the investor.

26

1 36. The Subscription Agreement states that Hedge Fund Investment purchases accepted
2 by Respondents will be documented by: (a) HAMPTON's signature on an executed Subscription
3 Agreement on behalf of HCM as its "Managing Director; and (b) "a certificate representing the
4 investment amount" prepared and delivered to the investor by HAMPTON.

5 37. In addition, HAMPTON and HCM also maintained a website at
6 www.hamptoncap.com ("Website"), which was available from approximately February 2011 to
7 approximately November 2011.

8 38. The "About Us" page of HCM's Website included the following representations:

- 9 a. HAMPTON is an experienced securities trader who in 1999 discovered a "market
10 anomaly" that allowed him to profitably engage in ETF trades until 2003 when such
11 market anomalies were no longer present;
- 12 b. In 2009, HAMPTON discovered a new way to make money by trading "leveraged
13 index ETFs" due to pricing discrepancies, or "inefficiencies";
- 14 c. HAMPTON generally refers to this discovery as a "low-latency index derivative
15 arbitrage" strategy (the "Strategy");
- 16 d. Because of the evolution in the "electronic trading world," it is not feasible to timely
17 execute the Strategy "manually," or via paper orders handled by people;
- 18 e. In early 2010, HAMPTON hired a computer software programmer to design a
19 computer program that implements Respondents' Strategy, and that can be used by
20 HAMPTON with his securities broker's computer-based "API (automated
21 programming interface)" to buy and sell ETFs; and
- 22 f. The computer program can recognize HAMPTON's desired market conditions and
23 timely send out ETF trade orders per Respondents' Strategy "in less than 1
24 millisecond (1/1000 of a second)."

1 39. HCM publicly offered and advertised the Hedge Fund Investments within or from
2 Arizona, in part, by publishing detailed information regarding the same on the “Trading Strategies”
3 page of the Website (the “Prospectus Page”).

4 40. According to the Prospectus Page, potential investors can chose one of two types of
5 Hedge Fund Investments returns at the time of investment purchase, including:

6 a. A flat “10% Preferred Return,” or interest paid by HCM and/or HAMPTON on
7 principal Hedge Fund Investments at the rate of ten percent per year, with the
8 apparent return of the principal investment funds at the conclusion of the
9 investments (the “10%” returns); or

10 b. “Trading Participation” profits wherein HCM and/or HAMPTON and investors
11 equally share in the ETF trading Strategy profits, or “a standard 50/50 trading split
12 (i.e., 50% of the profits to investor and 50% to Management)” (the “Profit Sharing”
13 returns). The 10% and Profit Sharing returns may be collectively referred to as the
14 “Profit(s)”.

15 41. The Prospectus Page of the Website further provides potential investors with
16 detailed examples of how HCM and/or HAMPTON are able to generate Profits using their ETF
17 trading Strategy.

18 42. According to the Prospectus Page, the minimum Hedge Fund Investment purchase
19 price is \$50,000.

20 43. At all relevant times, the “Documents” page of the Website has included a link to a
21 detailed Hedge Fund Investment “Account Application” which, when clicked, opens a PDF
22 formatted document of the Subscription Agreement, discussed above.

23 44. The Hedge Fund Investment Subscription Agreement can be accessed, reviewed,
24 printed or downloaded from the Website by an Arizona resident without restriction.

25 45. Neither the Prospectus Page of the Website, nor the Subscription Agreement state
26 that the Hedge Fund Investments have a particular termination date, or a date on which an investor

1 can expect to receive back their principal investment funds and promised Profits. Further, the
2 “Revocation” provision of the Subscription Agreement, states as follows:

3 **6. Revocation**

4 The Investor agrees that he or she shall not cancel, terminate or revoke this
5 Subscription Agreement or any agreement of the Investor made hereunder, and that
6 this Subscription Agreement shall survive the death, disability or incompetence of
7 the Investor. (emphasis in original)

8 46. Investors submitted checks and wire transfers to HAMPTON, which generally
9 named HCM as the payee or beneficiary. The funds were deposited into Arizona bank accounts
10 owned and controlled by HAMPTON.

11 47. Certain investors were provided with documents from HAMPTON describing the
12 low-latency index derivative arbitrage strategy, which included a chart, which compares the HCM
13 investment to the S&P 500[®] from October 2010 to July 2011.

14 48. The chart states that for each month, from October 2010 to July 2011, the HCM
15 investment returned 1%, 2.41%, 0.90%, 3.58%, 1.47%, 5.90%, 1.80%, 3.73%, 0.16%, and 2.10%,
16 respectively.

17 **Trading Account #1**

18 49. In January 2010, to conduct the ETF trading Strategy, HAMPTON opened a
19 securities trading account with Interactive Brokers, LLC, (“IB”) that permitted the trading of
20 options, forex, futures, and related securities products (Trading Account #1).

21 50. HAMPTON is the authorized trader on Trading Account #1, and managed and
22 controlled the funds. Investors do not have direct access to or control of Trading Account #1.

23 51. On or about January 27, 2010, Trading Account #1 was funded with \$50,000.

24 52. Between the periods of February 2010 to September 2010, HAMPTON incurred
25 fees and trading losses every month in Trading Account #1. The IB monthly statements reveal that
26 the account net asset value changed by -28.69%, -22.72%, -10.14%, -89.94%, -1.00%, -1.83%, -
92.77%, -25.71%, respectively, on a month-to-month basis.

1 53. In September 2010, the ending balance of Trading Account #1 was \$130.

2 54. The Hedge Fund Investment investors were introduced to HAMPTON by TIM and
3 PAT. Most of the investors were existing clients of TIM or friends and acquaintances of PAT.

4 55. In October 2010, HAMPTON deposited \$435,000 of investor funds into Trading
5 Account #1.

6 56. The IB monthly statement reveals that the account net asset value for November
7 2010 changed by -46.40%.

8 57. HAMPTON failed to disclose to investors that he had incurred losses and/or
9 decreases in the net asset value in the preceding months, as a result of his trading Strategy.

10 58. Between October 2010 to September 2011, HAMPTON deposited \$1,290,000 from
11 investors into Trading Account #1.

12 59. As of November 2011, Trading Account #1 had an ending balance of approximately
13 \$44,000.

14 **Trading Account #2**

15 60. In or around May 2011, to conduct the ETF trading Strategy, HAMPTON opened a
16 second securities trading account in the name of HCM with IB that permitted the trading of
17 options, forex, futures, and related securities products (Trading Account #2).

18 61. HAMPTON is the authorized trader on Trading Account #2, and managed and
19 controlled the funds. Investors do not have direct access to or control of Trading Account #2.

20 62. In May 2011, HCM deposited \$850,000 of investor funds into Trading Account #2.

21 63. In July 2011, HCM deposited \$160,000 of investor funds into Trading Account #2.

22 64. In August 2011, HCM deposited \$1,600,000 of investor funds into Trading Account
23 #2.

24 65. In September 2011, HCM deposited \$80,000 of investor funds into Trading Account
25 #2 and withdrew \$200,000 to HCM.

26

1 66. Between the periods of June 2011 to October 2011, HAMPTON incurred fees and
2 trading losses. The IB monthly statements reveal that the account net asset value changed by -
3 0.07%, -5.73%, 36.19%, -92% and -26.92%, respectively, on a month-to-month basis.

4 67. HAMPTON failed to disclose to investors that, in multiple preceding months, he
5 had already incurred trading losses and/or decreases in the net asset value as a result of his trading
6 Strategy.

7 68. Between May 2011 to October 2011, HAMPTON deposited \$2,705,000 from
8 investors into Trading Account #2.

9 69. As of November 2011, Trading Account #2 had an ending balance of approximately
10 \$63,000.

11 **Joint Allegations**

12 70. Between the periods of September 2010 to October 2011, approximately 72
13 investors purchased the Hedge Fund Investments for a total amount of at least \$4,741,332.

14 71. Investors also received monthly statements from HCM ("HCM Statements"). The
15 HCM Statements were signed by HAMPTON, as the managing director of HCM and included the
16 investors' initial investment deposit amount, the year-to-date distribution amount, and the income
17 accumulation amount for the month.

18 72. HAMPTON misrepresented to certain investors in their HCM Statements that their
19 investments accumulated a profit or earned interest on certain months and/or paid out alleged
20 profits to investors.

21 a) For example, an Arizona investor received monthly statements from the
22 periods of February 2011 to September 2011, reflecting a fixed amount of income
23 accumulation/profit of .83% (or 10% annualized return) for each month; however, HAMPTON
24 experienced trading losses and/or decreases in the net asset value in the IB trading accounts in
25 multiple months in that time period; and
26

1 b) In addition, between the periods of October 2010, to September 2011,
2 investors continued to receive their monthly profits and interest payments each month, even when
3 the Trading Account #1 and/or Trading Account #2 incurred losses and/or decreases in the net
4 asset value.

5 73. Between the periods of September 2010, to September 2011, HAMPTON and/or
6 HCM disbursed approximately \$313,475 to PAT, or an entity controlled by PAT, as commissions
7 or fees related to the Hedge Fund Investments. On numerous disbursements to PAT, or an entity
8 controlled by PAT, the memo field read, "finder's fees," "solicitation fees," or "client referral."

9 74. Between the periods of April 2011, to September 2011, HAMPTON and/or HCM
10 disbursed approximately \$409,857 to TIM, or an entity controlled by TIM, related to the Hedge
11 Fund Investments. Upon information and belief, this sum represents payments made by
12 HAMPTON and/or HCM for commissions, fees, rent, and development costs related to the Hedge
13 Fund Investments.

14 75. In October 2011, an Arizona resident and potential investor (the "AO") viewed all
15 the pages published on Respondents' Website from Arizona, including the Prospectus Page. The
16 AO also viewed and downloaded the Hedge Fund Investment Subscription Agreement.

17 76. The HCM Website was disabled in or around November 2011, shortly after service
18 of the Division's initial Temporary Order to Cease and Desist.

19 77. The Hedge Fund Investments have not been registered by the Commission as
20 securities to be offered and sold within or from Arizona.

21 78. The Hedge Fund Investments were not reviewed or approved by FSC and were not
22 recorded on the records of FSC with whom TIM was registered with at the time of the transaction.

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1 IV.

2 VIOLATION OF A.R.S. § 44-1841

3 (Offer or Sale of Unregistered Securities)

4 79. From on or about September 2010 to October 2011, Respondents HAMPTON and
5 HCM offered or sold securities in the form of investment contracts, within or from Arizona.

6 80. From on or about September 2010 to September 2011, Respondent PAT offered or
7 sold securities in the form of investment contracts, within or from Arizona.

8 81. From on or about September 2010 to September 2011, Respondent TIM offered or sold
9 securities in the form of investment contracts, within or from Arizona.

10 82. The securities referred to above were not registered pursuant to Articles 6 or 7 of the
11 Securities Act.

12 83. This conduct violates A.R.S. § 44-1841.

13 V.

14 VIOLATION OF A.R.S. § 44-1842

15 (Transactions by Unregistered Dealers or Salesmen)

16 84. Respondents HAMPTON, HCM, and PAT offered or sold securities within or from
17 Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

18 85. This conduct violates A.R.S. § 44-1842.

19 VI.

20 VIOLATION OF A.R.S. § 44-1991

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

22 86. In connection with the offer or sale of securities within or from Arizona, Respondents'
23 HAMPTON and HCM directly or indirectly: (i) employed a device, scheme, or artifice to defraud; (ii)
24 made untrue statements of material fact or omitted to state material facts that were necessary in order
25 to make the statements made not misleading in light of the circumstances under which they were
26 made; or (iii) engaged in transactions, practices, or courses of business that operated or would operate

1 as a fraud or deceit upon offerees and investors. Respondents' HAMPTON's and HCM's conduct
2 includes, but is not limited to, the following:

3 a) HAMPTON and HCM failed to disclose to investors that, in multiple preceding
4 months, he had already incurred trading losses and/or decreases in the net asset value as a result of his
5 trading Strategy; and

6 b) HAMPTON and HCM misrepresented to certain investors, in their HCM
7 Statements, that their investments accumulated a profit or earned interest on certain months and/or
8 paid out alleged profits to investors.

9 87. This conduct violates A.R.S. § 44-1991.

10 **VII.**

11 **REMEDIES PURSUANT TO A.R.S. § 44-1962**

12 **(Denial, Revocation, or Suspension of Registration of Salesman; Restitution, Penalties, or other**
13 **Affirmative Action)**

14 88. Respondent TIM's conduct is grounds to revoke his registration as a securities
15 salesman with the Commission pursuant to A.R.S. § 44-1962. Specifically, Respondent TIM has:

16 a) Violated A.R.S. § 44-1962(2) by violating Title 44, Chapter 12, including
17 A.R.S. §§ 44-1841 or 44-1842.

18 b) Engaged in dishonest or unethical practices within the meaning of A.R.S. §
19 44-1962(A)(10) as defined by A.A.C. R14-4-130(A)(17), by effecting securities transactions that
20 were not recorded on the records of the dealer with whom he was registered at the time of the
21 transactions.

22 **VIII.**

23 **REQUESTED RELIEF**

24 The Division requests that the Commission grant the following relief:

25 1. Order Respondents to permanently cease and desist from violating the Securities Act,
26 pursuant to A.R.S. §§ 44-2032 and 44-1962;

1 Persons with a disability may request a reasonable accommodation such as a sign language
2 interpreter, as well as request this document in an alternative format, by contacting Shaylin A.
3 Bernal, ADA Coordinator, voice phone number 602/542-3931, e-mail sabernal@azcc.gov.
4 Requests should be made as early as possible to allow time to arrange the accommodation.
5 Additional information about the administrative action procedure may be found at
6 <http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp>

7 **X.**

8 **ANSWER REQUIREMENT**

9 Pursuant to A.A.C. R14-4-305, if a Respondent or a Respondent Spouse requests a hearing,
10 the requesting respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing
11 to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona
12 85007, within 30 calendar days after the date of service of this Notice. Filing instructions may be
13 obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site
14 at <http://www.azcc.gov/divisions/hearings/docket.asp>.

15 Additionally, the answering respondent must serve the Answer upon the Division. Pursuant
16 to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a
17 copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007,
18 addressed to Phong (Paul) Huynh.

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

23 When the answering respondent intends in good faith to deny only a part or a qualification
24 of an allegation, the respondent shall specify that part or qualification of the allegation and shall
25 admit the remainder. Respondent waives any affirmative defense not raised in the Answer.
26

