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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS Arizona Corporation Commission
BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

DOCKETED

APR 30 2013

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In the matter of:
PATRICK LEONARD SHUDAK, a single man;
PROMISE LAND PROPERTIES, LLC, an
Arizona limited liability company; and
PARKER SKYLAR & ASSOCIATES, LLC, an
Arizona limited liability company,
Respondents.

DOCKET NO. S-20859A-12-0413

FOURTH
PROCEDURAL ORDER

BY THE COMMISSION:

On September 21, 2012, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing ("Notice") against Patrick Leonard Shudak, Promise Land Properties, LLC ("PLP"), and Parker Skylar & Associates, LLC ("PSA") (collectively "Respondents"), in which the Division alleged multiple violations of the Arizona Securities Act ("Act") in connection with the sale of securities in the form of membership interests, investment contracts and/or notes.

The Respondents were duly served with copies of the Notice.

On October 22, 2012, a request for hearing in this matter was filed by Respondent Shudak and PSA.

On October 24, 2012, by Procedural Order, a pre-hearing conference was scheduled on November 8, 2012.

On November 8, 2012, at the pre-hearing conference, the Division appeared through counsel and counsel appeared on behalf of Respondent Patrick Shudak and also stated that he would now be representing Respondent PLP. Counsel further stated that an issue has arisen with regard to his continued representation of PSA and that the Division was aware of this problem which had not yet been resolved. It was agreed that Answers would be filed on behalf of Respondent Shudak and

1 Respondent PLP by November 26, 2012, and this filing date was agreed to by the Division. In the
2 interim, the parties would attempt to resolve the representation issue which involved Respondent
3 PSA. The parties further agreed that a status conference should be scheduled after the Answers of
4 Respondent Shudak and PLP were filed.

5 On November 9, 2012, by Procedural Order, a status conference was scheduled on January
6 10, 2013.

7 On January 10, 2013, at the status conference, Respondent Shudak and PLP appeared through
8 counsel and the Division also appeared through counsel. No one appeared on behalf of PSA, but
9 counsel for the Division represented that its statutory agent had been served. Counsel for
10 Respondents Shudak and PLP indicated that he did not represent PSA, and its status was unclear at
11 that time because the Division's attorney indicated that he believes the entity is now controlled by
12 investors.

13 On January 23, 2013, by Procedural Order, a hearing was scheduled on June 17, 2013.

14 On March 6, 2013, Respondents Shudak and PLP filed their First Request for Production of
15 Documents ("First Request"), a wide ranging request for any and all materials related to the
16 Division's investigation of the Respondents covering a six-year period time from January 2007 to the
17 present.

18 On March 26, 2013, the Division filed objections to the Respondents' First Request arguing
19 that on May 1, 2013, the Division will exchange copies with Respondents of its proposed Lists of
20 Witnesses and Exhibits that it will seek to introduce as evidence at the evidentiary hearing in this
21 proceeding. The Division further argued that the First Request was overly broad and covered both
22 materials outside the relevant timeframe of the Division's investigation and documents which are not
23 in the Division's possession. Lastly, the Division took issue with whether there was a reasonable
24 need for the requested material, whether the material was confidential or whether its disclosure would
25 violate the work-product doctrine.

26 On April 12, 2013, the Respondents filed a response to the Division's objections arguing that
27 they are seeking evidence which would support their defense and that the Division is confusing the
28 exchange of the parties' List of Witnesses and Exhibits with discovery. Respondents argue further

1 that the Division's position is prejudicial and obstructionist to the Respondents' defense in the
2 proceeding.

3 Under the circumstances, there are avenues available to Respondents to further their defense
4 if, after the exchange of Lists of Witnesses and Exhibits, additional documentation, and more time to
5 prepare are needed. Therefore, Respondents' First Request should be denied.

6 IT IS THEREFORE ORDERED that Respondents' First Request for Production of
7 Documents is hereby denied.

8 IT IS FURTHER ORDERED a **hearing shall be held on June 17, 2013, at 10:00 a.m.**, at the
9 Commission's offices, 1200 West Washington Street, Hearing Room No. 2, Phoenix, Arizona, as
10 previously ordered.

11 IT IS FURTHER ORDERED that **the parties shall reserve June 18, 19, 20, 21, 24, 25, 26,**
12 **27 and 28, 2013, for additional days of hearing**, as previously ordered.

13 IT IS FURTHER ORDERED that **the Division and Respondents shall exchange copies of**
14 **their Witness Lists and copies of their Exhibits by May 1, 2013**, with courtesy copies provided to
15 the presiding Administrative Law Judge.

16 IT IS FURTHER ORDERED that **the Division shall file a Motion to Vacate the hearing in**
17 **the event that the parties conclude a settlement prior to the scheduled date of the hearing.**

18 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
19 Communications) is in effect and shall remain in effect until the Commission's Decision in this
20 matter is final and non-appealable.

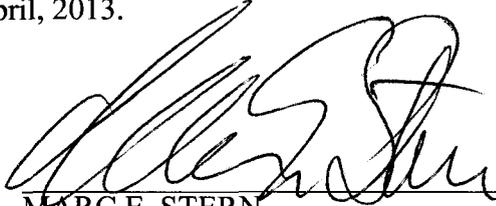
21 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules
22 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to the practice of law and admission
23 *pro hac vice*.

24 IT IS FURTHER ORDERED that withdrawal or representation must be made in compliance
25 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
26 Rules of the Arizona Supreme Court). Representation before the Commission includes appearances
27 at all hearings and procedural conferences, as well as all Open Meetings for which the matter is
28 scheduled for discussion, unless counsel has previously been granted permission to withdraw by the

1 Administrative Law Judge or the Commission.

2 IT IS FURTHER ORDERED that the Presiding Administrative Law Judge may rescind, alter,
3 amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by
4 ruling at hearing.

5 DATED this 30th day of April, 2013.

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8 
9 MARC E. STERN
ADMINISTRATIVE LAW JUDGE

10 Copies of the foregoing mailed/delivered
11 this 30th day of April, 2013 to:

12 Brian J. Schulman
13 GREENBERG TRAUIG, LLP
14 2375 East Camelback Road, Suite 700
15 Phoenix, AZ 85016
16 Attorneys for Respondents
17 Patrick Leonard Shudak and
18 Promise Land Properties, LLC

19 Matt Neubert, Director
20 Securities Division
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25
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28
By: 
29 Debbi Person
30 Assistant to Marc E. Stern