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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission
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COMMISSIONERS:

BOB STUMP-CHAIRMAN
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

CDRP COMMISSION
DOCKET CONTROL

MAR 4 2013

DOCKETED BY
JM

In the matter of:

Docket No. S-20876A-13-0014

JAMES F. LIEBES, CRD #2332174, a single man
and

**RESPONDENTS JAMES F. LIEBES
AND LANESBOROUGH FINANCIAL
GROUP LLC'S ANSWER**

LANESBOROUGH FINANCIAL GROUP LLC,
an Arizona limited liability company,

Respondents.

Respondents James F. Liebes ("Mr. Liebes") and Lanesborough Financial Group LLC (Lanesborough Financial) (collectively the "Respondents") answer the Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties and Order for Other Administrative Action dated January 28, 2013 (hereafter, the "Notice"), by admitting, denying and alleging as set forth below.

1. Answering Paragraph 1 of the Notice, Respondents state that this paragraph presents a legal conclusion that does not require a response. In addition, Respondents deny that the Commission has any Constitutional authority in this matter. *See Corporation Comm'n v. Pacific Greyhound Lines*, 54 Ariz. 159, 94 P.2d 443 (1939) (holding that the Arizona Corporation Commission's constitutional authority is limited to setting utility rates).

2. Answering Paragraph 2 of the Notice, Respondents note that the phrase "at all relevant times" is not defined and, therefore, they are without sufficient information to form a belief as to the truth of the allegation and deny the same. Respondents admit that Mr. Liebes is a single man and is currently a resident of Arizona.

3. Answering Paragraph 3 of the Notice, Respondents state the LLC's Articles of Organization speak for themselves and they deny any attempt to characterize them. Respondents deny any remaining allegations in Paragraph 3.

1 4. Answering Paragraph 4 of the Notice, Respondents are without sufficient
2 information to form a belief as to what is meant by “may be referred to” and, therefore, deny the
3 allegations contained in Paragraph 4.

4 5. Answering Paragraph 5 of the Notice, Respondents admit Mr. Liebes was affiliated
5 with Lawson Financial Corporation in 2009, but deny the remaining allegations contained in
6 Paragraph 5.

7 6. Respondents admit the allegation in Paragraph 6 of the Notice.

8 7. Answering Paragraph 7 of the Notice, Respondents are without sufficient
9 information to form a belief as to what is meant by “employed” and, therefore, deny that allegation.
10 Respondents deny any remaining allegations contained in Paragraph 7.

11 8. Answering Paragraph 8 of the Notice, Respondents are without sufficient
12 information to form a belief as to the truth of the allegations contained therein and, therefore, deny
13 the allegations in Paragraph 8.

14 9. Answering Paragraph 9 of the Notice, Respondents are without sufficient
15 information to form a belief as to the truth of the allegations contained therein and, therefore, deny
16 the allegations in Paragraph 9.

17 10. Answering Paragraph 10 of the Notice, Respondents are without sufficient
18 information to form a belief as to the truth of the allegations contained therein and, therefore, deny
19 the allegations in Paragraph 10.

20 11. Answering Paragraph 11 of the Notice, Respondents are without sufficient
21 information to form a belief as to the truth of the allegations contained therein and, therefore, deny
22 the allegations in Paragraph 11.

23 12. Answering Paragraph 12 of the Notice, and subparts (a) through (t) thereunder,
24 Respondents are without sufficient information to form a belief as to truth of the allegations
25 contained therein and, therefore, deny every allegation in Paragraph 12.

26 13. Answering Paragraph 13, Respondents are without sufficient information to form a
27 belief as to the truth of the allegations contained therein and, therefore, deny the allegations in

1 Paragraph 13.

2 14. Respondents deny the allegation contained in Paragraph 14.

3 15. Respondents deny the allegation contained in Paragraph 15.

4 16. Answering Paragraphs 1 through 4 under the heading "Requested Relief,"
5 Respondents deny that the Division is entitled to any relief.

6 17. Respondents have requested a hearing pursuant to A.R.S. § 44-1972.

7 18. Respondents deny each and every allegation not specifically admitted above.

8 **AFFIRMATIVE DEFENSES**

9 19. For their first affirmative defense, Respondents allege that the Notice fails to state a
10 claim upon which relief can be granted and this matter should be dismissed in its entirety with
11 prejudice, and with attorney's fees and costs awarded to the Respondents.

12 20. For their second affirmative defense, Respondents allege that to the extent the
13 shares that were allegedly offered or sold are determined to be securities, the Respondents and the
14 securities are exempt from the registration provisions of the Arizona Securities Act.

15 21. For their third affirmative defense, Respondents allege that all of their actions were
16 taken for a proper purpose.

17 22. For their fourth affirmative defense, the Respondents allege that they have not taken
18 any improper action within or from the State of Arizona.

19 23. For their fifth affirmative defense, Respondents allege that the Commission's claims
20 are barred by the applicable statute of limitations.

21 24. For their sixth affirmative defense, Respondents state that they did not offer or sell
22 any securities under Arizona law with respect to the alleged securities or shares referred to in the
23 Notice.

24 25. For their seventh affirmative defense, Respondents allege that the claims in the
25 Notice are barred by estoppel.

26 26. For their eighth affirmative defense, Respondents allege that the claims in the
27 Notice are barred by laches.

1 27. For their ninth affirmative defense, Respondents allege that the claims in the Notice
2 are barred by waiver.

3 28. For their tenth affirmative defense, Respondents allege that the claims in the Notice
4 are barred by assumption of risk.

5 29. For their eleventh affirmative defense, Respondents allege that the alleged
6 purchasers have suffered no injuries or damages.

7 30. For their twelfth affirmative defense, Respondents allege that Mr. Liebes acted in
8 good faith and did not directly or indirectly induce the conduct at issue.

9 31. For their thirteenth affirmative defense, Respondents allege that alleged sellers and
10 purchasers relied on others, and not Respondents.

11 32. For their fourteenth affirmative defense, Respondents allege that restitution is
12 barred because the damages, if any, were not caused by Respondents.

13 33. For their fifteenth affirmative defense, Respondents allege that restitution is barred,
14 in whole or in part, because purchasers failed to mitigate their damages.

15 34. For their sixteenth affirmative defense, Respondents allege the claims in the Notice
16 and restitution are barred, in whole or in part, because purchasers' damages, if any, were caused by
17 the intervening and/or superseding acts of others over whom Respondents have no control, and for
18 whose acts Respondents are not legally answerable.

19 35. For their seventeenth affirmative defense, Respondents allege claims in the Notice
20 and restitution are barred, in whole or in part, because of ratification.

21 36. For their eighteenth affirmative defense, Respondents allege claims in the Notice
22 and restitution are precluded, in whole or in part, by offsets.

23 37. For their nineteenth affirmative defense, Respondents allege claims in the Notice
24 and restitution are barred, in whole or in part, by the doctrine of contributory negligence.

25 38. Respondents allege such other affirmative defenses set forth in Arizona Rule of
26 Civil Procedure 8(c), as may be determined to be applicable through discovery.

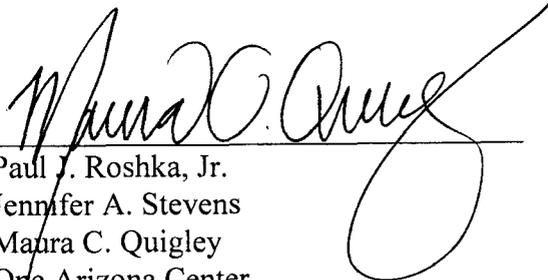
27 39. Respondents reserve the right to amend this Answer to assert additional defenses

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1 after completion of appropriate discovery.

2 RESPECTFULLY SUBMITTED this 4th day of March, 2013.

3 ROSHKA DeWULF & PATTEN, PLC

4
5 By 

6 Paul J. Roshka, Jr.
7 Jennifer A. Stevens
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14 Attorneys for Respondents
15 James F. Liebes and
16 Lanesborough Financial Group LLC

17 ORIGINAL and thirteen copies of the foregoing
18 filed this 4th day of March, 2013 with:

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

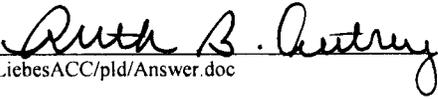
23 Copy of the foregoing hand-delivered
24 this 4th day of March, 2013 to:

25 Marc E. Stern, Administrative Law Judge
26 Hearing Division
27 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Matthew J. Neubert, Esq.
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Arizona Corporation Commission
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