

**ORIGINAL**  
COMMISSIONERS  
BOB STUMP, Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH  
  
JODI JERICH  
EXECUTIVE DIRECTOR

OPEN MEETING ITEM

5/1/13-5/2/13



SECURITIES DIVISION  
1300 West Washington, Third Floor  
Phoenix, AZ 85007  
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FAX: (602) 388-1335  
E-MAIL: securitiesdiv@azcc.gov

ARIZONA CORPORATION COMMISSION

MEMO  
Arizona Corporation Commission  
**DOCKETED**  
APR 16 2013  
DOCKETED BY [Signature]

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2013 APR 16 P 12:24  
AZ CORP COMMISSION  
DOCKET CONTROL

TO: Bob Stump, Chairman  
Gary Pierce  
Brenda Burns  
Bob Burns  
Susan Bitter Smith  
  
FROM: Matthew J. Neubert MK  
Director of Securities  
  
DATE: April 15, 2013  
  
RE: *In re SDC Montana Consulting, LLC, et al.*, Docket No. S-03479A-12-0360  
  
CC: Jodi Jerich, Executive Director

Attached for your consideration is a proposed Order to Cease and Desist, Order for Administrative Penalties, and Consent to Same ("Order") entered into by Robert Cottrell and RSC Adventures, LLC, an Arizona limited liability company ("Respondents").

The Order finds that from approximately January 2011 to November 2011, Respondent RSC offered and sold membership interests in SDC Montana Consulting, LLC. RSC sold these membership interests, which totaled an approximately 4.5% interest in SDC Montana, to five different persons for a total of \$97,500. The proceeds from these sales went to RSC. The membership interests constituted securities were not registered with the Commission. And neither Cottrell nor RSC were licensed by the Commission to sell securities.

SDC Montana has made cash distributions to these five purchasers in amounts exceeding the amounts they paid RSC to purchase the interests.

The Order requires Respondents to permanently cease and desist from violating the Securities Act and to pay a \$6,500 administrative penalty.

The Division recommends the Order as appropriate, in the public interest and necessary for the protection of investors.

Originator: Ryan J. Millecam

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 BOB STUMP, Chairman  
4 GARY PIERCE  
5 BRENDA BURNS  
6 BOB BURNS  
7 SUSAN BITTER SMITH

7 In the matter of )  
8 CHRISTOPHER DEAN DEDMON )  
9 CRD#3015575 and KIMBERLY )  
10 DEDMON, husband and wife, )  
11 ROBERT R. COTTRELL (a.k.a. "ROB )  
12 COTTRELL"), )  
13 SDC MONTANA CONSULTING, LLC )  
14 (a.k.a., d.b.a., a.b.n. "SDC MONTANA" and )  
15 "SDC MONTANA OIL & GAS )  
16 EXPLORATION"), an Arizona limited )  
liability company, )  
RSC ADVENTURES, LLC, an Arizona )  
limited liability company, )  
Respondents. )

DOCKET NO. S-03479A-12-0360

DECISION NO. \_\_\_\_\_

**ORDER TO CEASE AND DESIST, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME**

**Re: RESPONDENTS ROBERT R. COTTRELL and RSC ADVENTURES, LLC**

17 Respondents ROBERT R. COTTRELL (a.k.a. "ROB COTTRELL") and RSC  
18 ADVENTURES, LLC ("Respondents") elect to permanently waive any right to a hearing and  
19 appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.*  
20 ("Securities Act") with respect to this Order to Cease and Desist, Order for Restitution, Order for  
21 Administrative Penalties, and Consent to Same ("Order"). Respondents admit the jurisdiction of  
22 the Arizona Corporation Commission ("Commission"); neither admit nor deny the Findings of Fact  
23 and Conclusions of Law contained in this Order; and consent to the entry of this Order by the  
24 Commission. This Order is entered without trial of any issue of fact and is not intended to have any  
25 collateral estoppel or res judicata effect against Respondents except for this case and any other  
26 proceeding involving the Commission.

## I.

## FINDINGS OF FACT

1  
2  
3 1. At all relevant times, Respondent ROBERT R. COTTRELL ("COTTRELL") was  
4 an Arizona resident.

5 2. Respondent RSC ADVENTURES, LLC ("RSCA") was organized as a manager-  
6 managed LLC on January 19, 2011. At all relevant times, RSCA maintained a place of business in  
7 Peoria, Arizona, and it has been offering and selling LLC membership interests issued by SDC  
8 Montana Consulting, LLC, an Arizona limited liability company ("SDC") within and from Arizona.

9 3. At all relevant times, COTTRELL and RSCA have not been registered by the  
10 Commission as securities salesmen or securities dealers.

11 4. At all relevant times, COTTRELL has been offering and selling LLC membership  
12 interests issued by SDC.

13 **SDC's Oil and Gas Business, Sale of LLC Membership Interests, and Distributions to**  
14 **Members**

15 5. At all relevant times, SDC was engaged in oil and gas exploration and  
16 development, including the procurement and sale of oil, gas and mineral rights (the "Business").

17 6. From approximately July 2010 through at least October 2011, SDC issued, offered  
18 and sold, within and from Arizona, LLC membership interests in SDC (the "Membership  
19 Interests").

20 7. The Membership Interests have not been registered with the Commission as  
21 securities to be offered and sold within or from Arizona.

22 8. At all relevant times, Respondents and SDC have referred to these Membership  
23 Interests as "points" such that a one-percent Membership Interest equals one point.

24 9. At or around the time SDC was organized in July 2010, SDC issued to SDC's  
25 three founding members Membership Interests totaling 100 points with 40 points going to  
26 Christopher Dean Dedmon ("Dedmon"), 30 points going to COTTRELL and/or RSCA, and 30

1 points going to a third LLC member.

2 10. From approximately July 2010 to October 2011, SDC sold Membership Interests  
3 totaling 34.375 points to 13 different investors. Eight of these investors resided in Arizona.

4 11. From approximately January 2011 to November 2011, Respondent RSCA offered  
5 and sold SDC Membership Interests owned by RSCA. RSCA sold these Membership interests,  
6 which totaled approximately 4.5 points, to five different persons for a total of \$97,500. The  
7 proceeds from these sales went to RSCA.

8 12. SDC has made cash distributions to these five purchasers in amounts exceeding  
9 the amounts they paid RSCA to purchase the points.

10 **The Arizona Offeree**

11 13. In September and October 2011, an Arizona resident (the "offeree") viewed  
12 SDC's Website and the Investors Page from Arizona.

13 14. On October 6, 2011, the offeree called the telephone number listed on the  
14 "Investors" page of the Website. As a result of this phone call, Dedmon and then COTTRELL  
15 contacted the offeree.

16 15. The offeree's communication with COTTRELL included COTTRELL telling the  
17 offeree that COTTRELL might be willing to "let a few points go." A few days later, on October  
18 13, 2011, COTTRELL sent an email to the offeree that states that Respondents might be able to  
19 sell the offeree investments for "as low as \$40-80K."

20 16. On October 16, 2011, COTTRELL sent the offeree an email stating that  
21 COTTRELL would likely decide to allow the offeree to purchase three of RSCA's Membership  
22 Interests (*i.e.*, three "points"), that the funds would go from the offeree to RSCA (wiring  
23 instructions were included) and that the paperwork in terms of corporate documents would all  
24 come directly and officially from SDC. The next day, COTTRELL sent some of these documents  
25 to the offeree.

26 17. Prior to providing the offeree with these documents and wiring instructions,

1 COTTRELL did not conduct any inquiry, or ask the offeree, a total stranger, whether the offeree  
2 was an “accredited” or sophisticated investor.

3 **Respondents’ Non-Disclosure of Dedmon’s Previous Violations of the Arizona Securities**  
4 **Act and Related Order and Consent**

5 18. On April 27, 2005, the Division filed a Notice of Opportunity for Hearing  
6 Regarding Proposed Order to Cease and Desist, Order for Restitution, for Administrative  
7 Penalties, and for Other Affirmative Action (the “Notice”) against Dedmon and Omni Horizon  
8 Group, LLP (“Omni”), an Arizona limited liability partnership.

9 19. The Notice ultimately resulted in the Division obtaining an “Order to Cease and  
10 Desist, Order of Restitution, Order for Administrative Penalties, and Consent to Same” that  
11 DEDMON and Omni executed on August 9, 2005 and was approved by the Commission on  
12 September 23, 2005, as Decision No. 68160.

13 20. At all relevant times, Respondents failed to disclose Decision No. 68160 to  
14 Membership Interest offerees.

15 **II.**

16 **CONCLUSIONS OF LAW**

17 1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
18 Arizona Constitution and the Securities Act.

19 2. Respondents offered or sold securities within or from Arizona, within the meaning  
20 of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

21 3. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were  
22 neither registered nor exempt from registration.

23 4. Respondents violated A.R.S. § 44-1842 by offering or selling securities while  
24 neither registered as dealers or salesmen nor exempt from registration.

25 5. Respondents’ conduct is grounds for a cease and desist order pursuant to A.R.S.  
26 § 44-2032.



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BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
JODI JERICH  
EXECUTIVE DIRECTOR

\_\_\_\_\_  
DISSENT

\_\_\_\_\_  
DISSENT

This document is available in alternative formats by contacting Shaylin A. Bernal, ADA Coordinator, voice phone number 602-542-3931, e-mail [sabernal@azcc.gov](mailto:sabernal@azcc.gov).

(RJM)

**CONSENT TO ENTRY OF ORDER**

1  
2 1. Respondents ROBERT R. COTTRELL, an individual, and RSC ADVENTURES,  
3 LLC, an Arizona limited liability company (“Respondents”), admit the jurisdiction of the  
4 Commission over the subject matter of this proceeding. Respondents acknowledge that they have  
5 been fully advised of their right to a hearing to present evidence and call witnesses and  
6 Respondents knowingly and voluntarily waive any and all rights to a hearing before the  
7 Commission and all other rights otherwise available under Article 11 of the Securities Act and Title  
8 14 of the Arizona Administrative Code. Respondents acknowledge that this Order to Cease and  
9 Desist, Order for Restitution, Order for Administrative Penalties, and Consent to Same (“Order”)  
10 constitutes a valid final order of the Commission.

11 2. Respondents knowingly and voluntarily waive any right under Article 12 of the  
12 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief  
13 resulting from the entry of this Order.

14 3. Respondents acknowledge and agree that this Order is entered into freely and  
15 voluntarily and that no promise was made or coercion used to induce such entry.

16 4. Respondents have been represented by an attorney in this matter. Respondents have  
17 reviewed this order with their attorney, Jeffrey D. Gardner, and understand all terms it contains.  
18 Respondents acknowledge that their attorney has apprised them of their rights regarding any  
19 conflicts of interest arising from dual representation. Respondents acknowledge that they have  
20 each given their informed consent to such representation.

21 5. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law  
22 contained in this Order. Respondents agree that they shall not contest the validity of the Findings  
23 of Fact and Conclusions of Law contained in this Order in any present or future proceeding before  
24 the Commission. This Order is entered without trial of any issue of fact and is not intended to have  
25 any collateral estoppel or res judicata effect against Respondents except for this case and any other  
26 proceeding involving the Commission.

1           6.       By consenting to the entry of this Order, Respondents agree not to take any action or  
2 to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of  
3 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual  
4 basis. Respondents will undertake steps necessary to assure that all of Respondents' agents and  
5 employees understand and comply with this agreement.

6           7.       While this Order settles this administrative matter between Respondents and the  
7 Commission, Respondents understand that this Order does not preclude the Commission from  
8 instituting other administrative or civil proceedings based on violations that are not addressed by  
9 this Order.

10          8.       Respondents understand that this Order does not preclude the Commission from  
11 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
12 that may be related to the matters addressed by this Order.

13          9.       Respondents understand that this Order does not preclude any other agency or  
14 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal  
15 proceedings that may be related to matters addressed by this Order.

16          10.      Respondents agree that they will not sell any securities within or from Arizona  
17 without being properly registered in Arizona as a dealer or salesman, or exempt from such  
18 registration; Respondents also will not sell any securities within or from Arizona unless the  
19 securities are registered in Arizona or exempt from registration; Respondents will not transact  
20 business in Arizona as an investment adviser or an investment adviser representative unless  
21 properly licensed in Arizona or exempt from licensure.

22          11.      Respondents consent to the entry of this Order and agree to be fully bound by its  
23 terms and conditions.

24          12.      Respondents acknowledge and understand that if they fail to comply with the  
25 provisions of the Order and this consent, the Commission may bring further legal proceedings  
26 against Respondents, including application to the superior court for an order of contempt.

1           13. Respondents understand that default shall render Respondents liable to the  
2 Commission for its costs of collection and interest at the maximum legal rate.

3           14. Respondents agree and understand that if they fail to make any payment as required  
4 in the Order, any outstanding balance shall be in default and shall be immediately due and payable  
5 without notice or demand. Respondents agree and understand that acceptance of any partial or late  
6 payment by the Commission is not a waiver of default by the Commission.

7           15. Robert R. Cottrell represents that he is Manager of RSC Adventures, LLC and has  
8 been authorized to enter into this Order for and on behalf of it.

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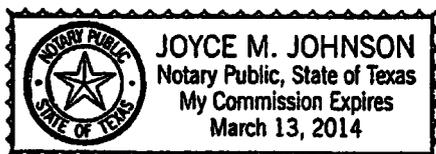
26 ///

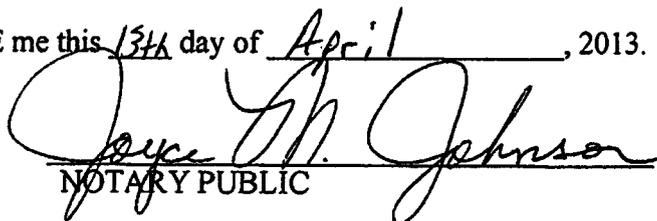
1 Respondents' signature page to Consent to Entry of Order

2  
3  
4   
5 Robert R. Cottrell

6 STATE OF TEXAS )  
7 ) ss  
8 County of *Montgomery* )

9 SUBSCRIBED AND SWORN TO BEFORE me this 13th day of April, 2013.

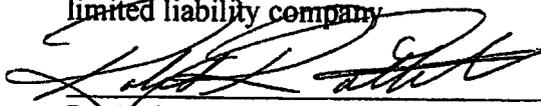


11   
12 NOTARY PUBLIC

12 My commission expires:

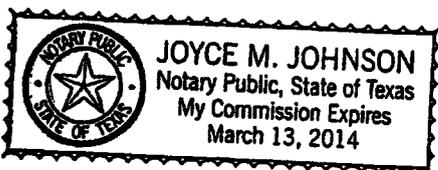
13 March 13, 2014

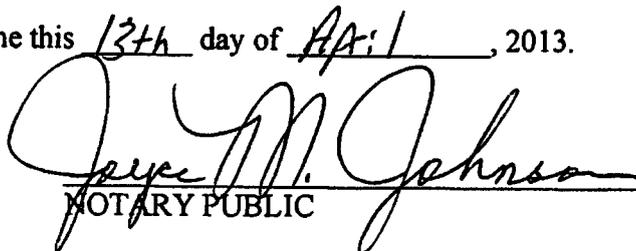
14  
15 RSC ADVENTURES, LLC, an Arizona  
16 limited liability company

17   
18 By: Robert R. Cottrell, Manager

19 STATE OF TEXAS )  
20 ) ss  
21 County of *Montgomery* )

22 SUBSCRIBED AND SWORN TO BEFORE me this 13th day of April, 2013.



24   
25 NOTARY PUBLIC

26 My commission expires:

March 13, 2014

1 SERVICE LIST FOR: SDC Montana Consulting, LLC *et al.*  
2 Jeffrey D. Gardner  
3 SACKS TIERNEY P.A.  
4 4250 N. Drinkwater Blvd.  
5 Fourth Floor  
6 Scottsdale, Arizona 85251-3693  
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Attorneys for Respondents

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

COMMISSIONERS

BOB STUMP, Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

In the matter of:  
  
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.

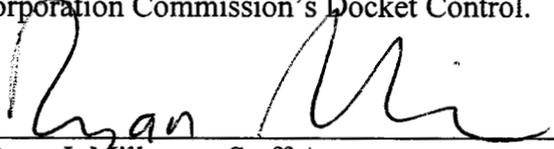
DOCKET NO. S-03479A-12-0360

**NOTICE OF FILING OF PROPOSED  
OPEN MEETING AGENDA ITEM**

**Re: Respondents Robert R. Cottrell and  
RSC Adventures LLC**

Pursuant to A.A.C. R14-4-303, you are hereby notified that the attached Order to Cease and Desist, Order for Administrative Penalties, and Consent to Same, Re: Robert R. Cottrell and RSC Adventures, LLC, was filed with the Arizona Corporation Commission's Docket Control.

Dated: 4/16/13

By:   
Ryan J. Millecam, Staff Attorney

Decision No. \_\_\_\_\_

1 I hereby certify that I have this day served the foregoing document on all parties of record  
2 in this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid to:

3 Jeff Gardner  
4 SACKS TIERNEY P.A.  
5 4250 N. Drinkwater Blvd.  
6 Fourth Floor  
7 Scottsdale, Arizona 85251-3693  
8 *Attorneys for Respondents Cottrell and RSC Adventures, LLC*

9 Alan Baskin  
10 Bade Baskin Richards  
11 80 East Rio Salado Parkway, Suite 511  
12 Tempe, Arizona 85281

13 Burton Bentley  
14 The Bentley Law Firm, P.C.  
15 5333 North 7<sup>th</sup> Street, Suite C-121  
16 Phoenix, Arizona 85014  
17 *Attorneys for the Dedmons and SDC Montana Consulting, LLC*

18 Dated: 4/16/13

19 By:   
20 Emie R. Bridges, Executive Assistant