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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission

DOCKETED

MAY -8 2013

DOCKETED BY

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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

DECISION NO. 73865

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

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

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

I.

FINDINGS OF FACT

1
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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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6. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

III.
ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents' consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents, and any of Respondents' agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry of Order.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents, jointly and severally, shall pay an administrative penalty in the amount of \$6,500. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue interest from the date judgment is entered at the rate of 10 percent per annum.

IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the Commission may bring further legal proceedings against that Respondent, including application to the superior court for an order of contempt.

IT IS FURTHER ORDERED, that no finding of fact or conclusion of law contained in this Order shall be deemed binding against any Respondent under this Docket Number who has not consented to the entry of this Order.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

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BY ORDER OF THE ARIZONA CORPORATION COMMISSION

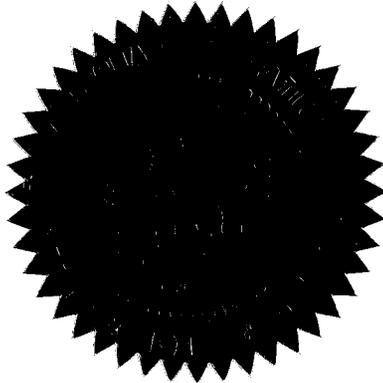
[Signature]
CHAIRMAN

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COMMISSIONER

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COMMISSIONER

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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 8th day of May, 2013.

[Signature]
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.

(RJM)

CONSENT TO ENTRY OF ORDER

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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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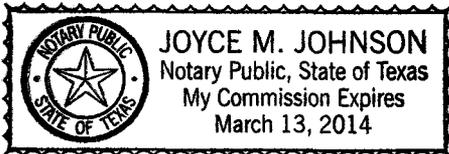
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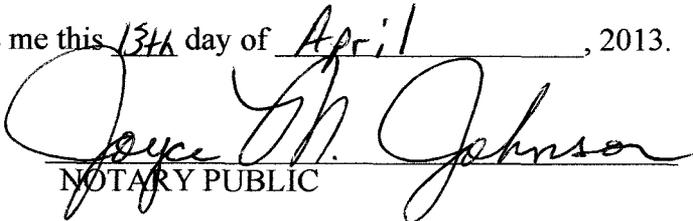
1 Respondents' signature page to Consent to Entry of Order

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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.

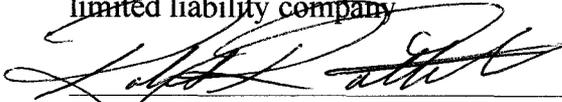


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12 NOTARY PUBLIC

12 My commission expires:

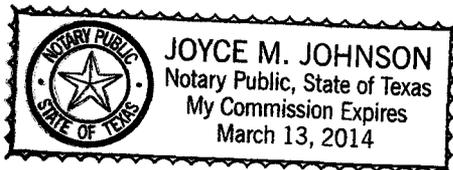
13 March 13, 2014

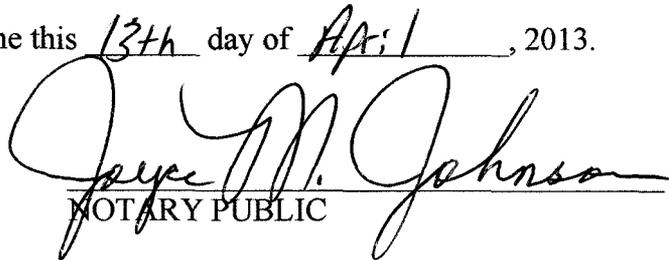
14
15 RSC ADVENTURES, LLC, an Arizona
16 limited liability company

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

7 Attorneys for Respondents
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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

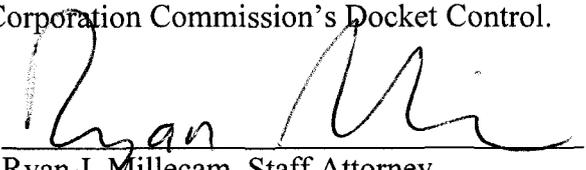
BOB STUMP, Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

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

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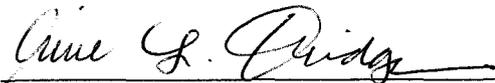
I hereby certify that I have this day served the foregoing document on all parties of record in this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid to:

Jeff Gardner
SACKS TIERNEY P.A.
4250 N. Drinkwater Blvd.
Fourth Floor
Scottsdale, Arizona 85251-3693
Attorneys for Respondents Cottrell and RSC Adventures, LLC

Alan Baskin
Bade Baskin Richards
80 East Rio Salado Parkway, Suite 511
Tempe, Arizona 85281

Burton Bentley
The Bentley Law Firm, P.C.
5333 North 7th Street, Suite C-121
Phoenix, Arizona 85014
Attorneys for the Dedmons and SDC Montana Consulting, LLC

Dated: 4/16/13

By: 
Emie R. Bridges, Executive Assistant