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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

JUN 27 2013

COMMISSIONERS

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

DOCKETED BY  
nr

<p>In the matter of )</p> <p>CHRISTOPHER DEAN DEDMON )</p> <p>CRD#3015575 and KIMBERLY )</p> <p>DEDMON, husband and wife, )</p> <p>ROBERT R. COTTRELL (a.k.a. "ROB )</p> <p>COTTRELL"), )</p> <p>SDC MONTANA CONSULTING, LLC )</p> <p>(a.k.a., d.b.a., a.b.n. "SDC MONTANA" )</p> <p>and "SDC MONTANA OIL &amp; GAS )</p> <p>EXPLORATION"), an Arizona limited )</p> <p>liability company, )</p> <p>RSC ADVENTURES LLC, an Arizona )</p> <p>limited liability company, )</p> <p style="text-align: center;">Respondents. )</p>	<p>DOCKET NO. S-03479A-12-0360</p> <p>DECISION NO. <u>73919</u></p> <p><b>ORDER TO CEASE AND DESIST, ORDER</b></p> <p><b>FOR ADMINISTRATIVE PENALTIES AND</b></p> <p><b>CONSENT TO SAME</b></p> <p><b>Re: Respondent CHRISTOPHER DEAN</b></p> <p><b>DEDMON and Respondent SDC MONTANA</b></p> <p><b>CONSULTING, LLC</b></p> <p><b>ORDER TO DISMISS</b></p> <p><b>Re: KIMBERLY DEDMON</b></p>
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Respondents CHRISTOPHER DEAN DEDMON, CRD#3015575 and SDC MONTANA CONSULTING, 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 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.

The Commission, conditioned on having received full payment of the penalty described in this Order at the time this Order is issued, voluntarily dismisses Kimberly Dedmon.

I.

**FINDINGS OF FACT**

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1. At all relevant times, Respondent CHRISTOPHER DEAN DEDMON CRD#3015575 (“DEDMON”) has been a married man and an Arizona resident.

2. At all relevant times, DEDMON has been offering and selling limited liability company (“LLC”) membership interests issued by Respondent SDC MONTANA CONSULTING, LLC (“SDC”) within or from Arizona as its member, managing general partner and investment salesman.

3. DEDMON and SDC may be referred to as “Respondent(s).”

4. SDC was organized as an Arizona limited liability company on or about July 19, 2010. At all relevant times, SDC’s operating agreement has stated that SDC is a manager-managed LLC. At all relevant times, SDC has maintained a place of business in Peoria, Arizona, and it offered and sold LLC membership interests issued by SDC within or from Arizona.

5. At all relevant times, Respondents have not been registered by the Commission as a securities salesman or dealer.

6. Kimberly Dedmon was at all relevant times an Arizona resident and the spouse of DEDMON. Kimberly Dedmon was joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of her marital community with DEDMON.

**SDC’s oil Business, sale of LLC Membership Interests, and distributions to investors**

7. At all relevant times, SDC was engaged in oil and gas exploration and development, including the procurement and sale of oil, gas and mineral rights (the “Business”).

8. From approximately July 2010 through at least October 2011, SDC issued and Respondents offered and sold within and from Arizona, LLC membership interests in SDC (the “Membership Interests”).

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

1           10.    At all relevant times, Respondents have referred to these Membership Interests as  
2 “points” such that a one-percent Membership Interest equals one point.

3           11.    At or around the time SDC was organized in July 2010, SDC issued to SDC’s  
4 three founding members Membership Interests totaling 100 points with 40 points going to  
5 DEDMON, 30 points going to respondents Robert Cottrell and/or RSCA Adventures, LLC  
6 (RSCA), and 30 points going to a third SDC member.

7           12.    From approximately July 2010 to October 2011, Respondents sold Membership  
8 Interests to 13 different investors. Eight of these investors resided in Arizona.

9           13.    These investors invested a total of approximately \$547,500 in SDC.

10          14.    The proceeds from these sales went to SDC for its general use.

11          15.    Several investors also received the following documents from SDC:

12                a)    At least four investors received a one-page “Confidential Disclosure  
13 Agreement” to be completed by the investor and his/her spouse (the “Confidentiality  
14 Agreements”);

15                b)    At least five investors received a one-page “Stock Registration Form”  
16 written on SDC company letterhead, which was to be completed by investors; the  
17 information provided by investors was to let Respondents know how the investors’ SDC  
18 Membership Interests should be titled; and

19                c)    At least six investors received a copy of the five-page SDC “Limited  
20 Liability Company Operating Agreement” (“Operating Agreement”).

21          17.    Each copy of the Operating Agreement given to each investor was identical except  
22 in two regards: 1) the signature page had the particular investor’s name as a signee and 2) the list  
23 of members listed the persons who were members at the time of signing.

24          18.    The Operating Agreement states that SDC is a “Manager-Managed” LLC and that  
25 DEDMON is SDC’s “Managing General Partner”; at all relevant times, DEDMON has acted in  
26 this capacity.

1           19.    The Operating Agreement states that DEDMON, as SDC's "managing general  
2 partner," has the "primary responsibility" for managing the Business and Membership Interest  
3 funds, and grants DEDMON the authority to, without limitation: (a) "make all decisions" on  
4 behalf of SDC; (b) purchase, sell, develop or lease SDC's assets; (c) execute loans and other  
5 contracts on behalf of SDC; and (d) hire or manage employees.

6           20.    The Operating Agreement further states that DEDMON must approve "[a]ll sales  
7 or assignments of any" Membership Interests.

8           21.    As Managing Partner, DEDMON approved several transactions in which  
9 Membership Interests were resold.

10          22.    Some of these DEDMON-approved transactions included sales by respondents  
11 RSCA and Cottrell, who from January 2011 to November 2011 sold RSCA's Membership  
12 Interests totaling approximately 4.5 points to five different persons for a total of \$97,500.

13          23.    Except for the purchasers of the points that RSCA/Cottrell resold for Cottrell's  
14 own benefit, the majority of investors paid for their Membership Interests with checks, cashier's  
15 checks, money orders or wire transfers payable to SDC, and they sent the payments to SDC and  
16 DEDMON in Arizona. SDC and DEDMON caused the investment funds to be deposited into  
17 Arizona and Montana bank accounts owned and controlled by SDC.

18          24.    Respondents SDC and DEDMON combined, pooled or commingled the  
19 Membership Interest funds to fund and operate the Business.

20          25.    To date, each Membership Interest investor has received distributions from SDC  
21 that exceed the investor's principal investment.

22        **The Omni Consent**

23          26.    On April 27, 2005, the Division filed a Notice of Opportunity for Hearing  
24 Regarding Proposed Order to Cease and Desist, Order for Restitution, for Administrative  
25 Penalties, and for Other Affirmative Action (the "Notice") against DEDMON and Omni Horizon  
26 Group, LLP ("Omni"), an Arizona limited liability partnership.



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**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 DEDMON and SDC MONTANA, jointly and severally, shall pay an administrative penalty in the amount of \$25,000. 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 as allowed by law.

IT IS FURTHER ORDERED that the administrative penalty ordered in the preceding paragraph will accrue interest at the rate of the lesser of (i) ten percent per annum or (ii) at a rate per annum that is equal to one per cent plus the prime rate as published by the board of governors of the federal reserve system in statistical release H.15 or any publication that may supersede it on the date that the judgment is entered.

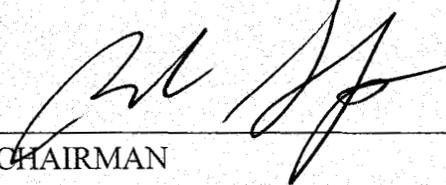
IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the Commission may bring further legal proceedings against that Respondent, including application to the superior court for an order of contempt.

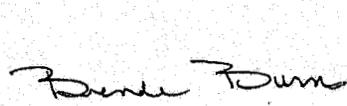
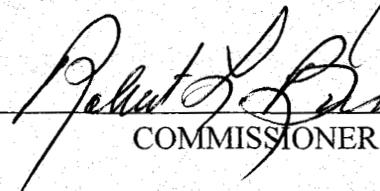
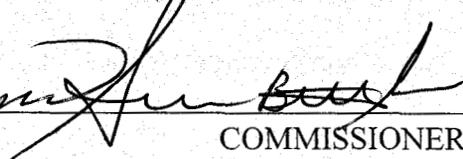
IT IS FURTHER ORDERED, that no finding of fact or conclusion of law contained in this Order shall be deemed binding against any Respondent under this Docket Number who has not consented to the entry of this Order.

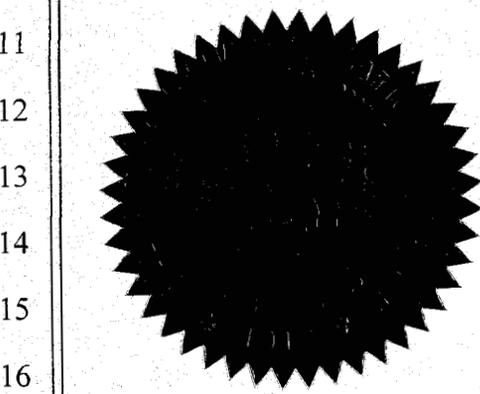
1 IT IS FURTHER ORDERED that Kimberly Dedmon is dismissed from this action with  
2 prejudice.

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

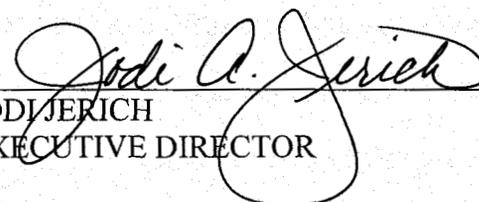
4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

5  
6  CHAIRMAN  COMMISSIONER

7  
8  COMMISSIONER  COMMISSIONER  COMMISSIONER



11 IN WITNESS WHEREOF, I, JODI JERICH, Executive  
12 Director of the Arizona Corporation Commission, have  
13 hereunto set my hand and caused the official seal of the  
14 Commission to be affixed at the Capitol, in the City of  
15 Phoenix, this 27<sup>th</sup> day of  
June, 2013.

16   
17 JODI JERICH  
18 EXECUTIVE DIRECTOR

19 \_\_\_\_\_  
20 DISSENT

21 \_\_\_\_\_  
22 DISSENT

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

25 (RJM)

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**CONSENT TO ENTRY OF ORDER**

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1. Respondents Christopher Dean Dedmon, an individual (“Dedmon”), and SDC Montana Consulting, LLC, an Arizona limited liability company (“SDC”) (together, “Respondents”) admit the jurisdiction of the Commission over the subject matter of this proceeding. Respondents acknowledge that they have been fully advised of their right to a hearing to present evidence and call witnesses and Respondents knowingly and voluntarily waive any and all rights to a hearing before the Commission and all other rights otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. Respondents acknowledge that this Order to Cease and Desist, Order for Administrative Penalties, and Consent to Same (“Order”) constitutes a valid final order of the Commission.

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

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

4. Respondents have been represented by attorneys in this matter, Respondents have reviewed this order with their attorneys, Alan Baskin and Burton Bentley, and understand all terms it contains. Respondents acknowledge that their attorneys have apprised them of their rights regarding any conflicts of interest arising from dual representation. Respondents acknowledge that they have each given their informed consent to such representation.

5. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law contained in this Order. Respondents agree that Respondents shall not contest the validity of the Findings of Fact and Conclusions of Law contained in this Order in any present or future proceeding in which the Commission or any other state agency is a party concerning the denial or issuance of any license or registration required by the state to engage in the practice of any business or profession.

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. This Order is entered without trial of any  
6 issue of fact. Except for in this case and any other proceeding involving the Commission, this  
7 Order is not intended to have any collateral estoppel or res judicata effect against Respondents or to  
8 preclude Respondents from defending themselves in such proceedings not involving the  
9 Commission.

10           7.       While this Order settles this administrative matter between Respondents and the  
11 Commission, Respondents understand that this Order does not preclude the Commission from  
12 instituting other administrative or civil proceedings based on conduct not addressed by this Order.

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

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

19           10.      Respondents agree that they will not offer or sell securities, or exercise any control  
20 over any entity that offers or sells securities or provides investment advisory services, within or  
21 from Arizona in violation of Arizona law.

22           11.      Respondents acknowledge that the penalties and interest imposed by this Order are  
23 the joint and several obligations of the Respondents.

24           12.      Respondents consent to the entry of this Order and agree to be fully bound by its  
25 terms and conditions.

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1           13. Respondents acknowledge and understand that if they fail to comply with the  
2 provisions of the order and this consent, the Commission may bring further legal proceedings  
3 against Respondents, including application to the superior court for an order of contempt.

4           14. Respondents understand that default shall render them liable to the Commission for  
5 its costs of collection and interest at the maximum legal rate.

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

10          16. Dedmon represents that he is manager of SDC and has been authorized by name of  
11 SDC to enter into this Order for and on behalf of it.

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1 SERVICE LIST FOR: SDC Montana Consulting, LLC *et al.*

2 Alan Baskin  
3 Bade Baskin Richards  
4 80 East Rio Salado Parkway, Suite 511  
5 Tempe, AZ 85281  
6 Attorneys for Respondents and Kimberly Dedmon

7 Burton Bentley  
8 The Bentley Law Firm, P.C.  
9 5333 N. 7<sup>th</sup> St., Suite C-121  
10 Phoenix, AZ 85014  
11 Attorneys for Respondents and Kimberly Dedmon

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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.

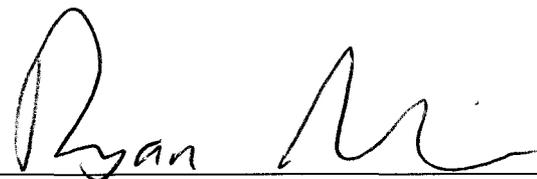
DOCKET NO. S-03479A-12-0360

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

**Re: Respondents Christopher Dedmon  
and SDC Montana Consulting, 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: Christopher D. Dedmon and SDC Montana Consulting, LLC, was filed with the Arizona Corporation Commission's Docket Control.

Dated: 5/29/13

By:   
Ryan J. Millecam, Staff Attorney

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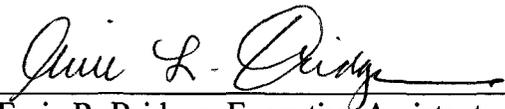
I hereby certify that I have this day served the foregoing document on all parties of record in this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid to:

Jeff Gardner  
SACKS TIERNEY P.A.  
4250 N. Drinkwater Blvd.  
Fourth Floor  
Scottsdale, Arizona 85251-3693  
*Attorneys for 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 7<sup>th</sup> Street, Suite C-121  
Phoenix, Arizona 85014  
*Attorneys for Respondents Dedmon and SDC Montana Consulting, LLC*

Dated: 5/29/13

By:   
Emie R. Bridges, Executive Assistant