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2013 AUG -5 P 4 35

AZ CORP COMMISSION
DOCKET CONTROL

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Arizona Corporation Commission
DOCKETED

AUG - 5 2013

Attorneys for Respondents
Chris Dean Dedmon, Kimberly Dedmon,
and SDC Montana Consulting, LLC

DOCKETED BY ne

BEFORE THE ARIZONA CORPORATION COMMISSION

In the matter of:

DOCKET No.: S-03479A-12-0360

CHRISTOPHER DEAN DEDMON
CRD#3015575 and KIMBERLY DEDMON,
husband and wife,

**REPLY TO RESPONSE TO MOTION
TO COMPEL AND REQUEST FOR
IMMEDIATE RULING**

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.

On July 26, 2013, *over five months after the Commission issued its subpoena* Clear Energy finally submitted a formal response to the Commission. Unfortunately, Clear Energy's response is laden with misrepresentations and only reinforces the need for an immediate ruling in Respondents favor and the imposition of sanctions.

1 The following is a brief reminder of the relevant background:¹

- 2 1. On February 19, 2013 the Commission issued the subpoena.
- 3 2. Clear Energy ignored the subpoena, failing even to contact Respondents to discuss
4 it.
- 5 3. Undersigned counsel was forced to track down Clear Energy's counsel to
6 determine whether Clear Energy would respond.
- 7 4. Although the subpoena required the production of documents on March 4, 2013
8 nothing was forthcoming.
- 9 5. Only on April 18, 2013, *six weeks after issuance of the subpoena*, did Clear
10 Energy first provide anything, which consisted solely of a shareholder list.
- 11 6. Nearly a month later, on May 14, 2013, Clear Energy's outside counsel provided a
12 two-line e-mail indicating the latest value of its stock sales. *This and the prior e-*
13 *mail were the entirety of Clear Energy's response to the subpoena.*
- 14 7. Despite this flagrant non-compliance with the subpoena undersigned counsel
15 provided Clear Energy multiple professional courtesies and numerous
16 opportunities to comply before filing a motion to compel, which was not filed
17 until June 13, 2013. Respondents attempted to professionally and collaboratively
18 work with Clear Energy for 3 months before taking any formal action.
- 19 8. Clear Energy failed to timely respond to the Motion to Compel or produce
20 additional documents, despite undersigned counsel's continued efforts to resolve
21 this dispute informally. Rather, Clear Energy responded only in the wake of the
22 Request for Immediate Ruling.

23 No reason exists to further delay ordering full compliance with the subpoena and imposing
24 appropriate sanctions.

25 Even worse, Clear Energy accuses Respondents of misrepresenting the relevant history.
26 Clear Energy's response alleges that Respondents falsely claim Clear Energy has produced no
27 documents in response to the subpoena. The Motion to Compel, however, specifically
identifies the minimal documents Clear Energy produced and reveals the fallacy of Clear

¹ This Reply is further supported by the Declaration and Certification of Alan Baskin attached hereto as Exhibit A.

1 Energy's claims. The Request for Immediate Ruling also explained that Clear Energy had
2 produced some documents by stating, "the [Motion] to Compel details Clear Energy's complete
3 lack of responsiveness and failure to produce *virtually all of the information subpoenaed . . .*"
4 Request for Immediate Ruling at p. 2, ll. 4-5. The Request for Immediate Ruling then correctly
5 stated that Clear Energy had not produced any documents in response to the Motion to Compel.
6 Clear Energy provided the additional documents referred to in its Response on July 15, 2013,
7 after the Request for Immediate Ruling, and after yet another informal request from
8 undersigned counsel for information. Regardless, Clear Energy's response to the subpoena has
9 been, and continues to be, woefully inadequate.

10 Clear Energy professes that it complied with the subpoena and Respondents' follow-up
11 requests. Again, Clear Energy is incorrect. To date, it has provided (1) a shareholder list; (2) a
12 two-line e-mail indicating that its latest stock sales have been at \$0.75 a share; and (3) a portion
13 of an unidentified offering document identifying prior Clear Energy offerings.

14 Respondents have long requested that Clear Energy provide information corroborating its
15 counsel's statement in his May 14, 2013 e-mail that its latest stock sales had been at \$0.75.
16 This is illustrated by an e-mail Clear Energy failed to include in its response. On July 15, 2013,
17 *only twenty-one minutes after receiving* the e-mail with the offering document excerpt,
18 Respondents again identified the information it needed: ". . . We are particularly interested in
19 information related to sales/resales by existing shareholders. We request your client to produce
20 by Wednesday information reflecting all such sales of Clear Energy stock from 2011-2013. We
21 have no objection to redaction of the names of the parties involved." (July 15, 2013 4:19 p.m.
22 e-mail from Alan Baskin to Daryl Dorsey; attached hereto as Exhibit B.)

23 Clear Energy never responded to this e-mail, nor did it choose to share it with the
24 Commission. Respondents have sought, and unfortunately continue to seek, information that at
25 its core is extremely narrow: has Clear Energy sold its stock recently and at what price?
26 General information regarding stock sales in private offerings provides some help, but there
27 may also have been private sales, which is likely more relevant to the present circumstances.
All Respondents seek is corroboration, in the form of documents identifying those sales, along
with confirmation of sales in the recent private offerings and an appropriate representation

1 directly from Clear Energy as to the accuracy of the information. Similarly, an undated,
2 unmarked, unsubstantiated portion of an offering document is far from a document the parties
3 can rely on to conclude their settlement negotiations. Corroboration of this information and a
4 representation from Clear Energy should enable Respondents to conclude their negotiations
5 with the Securities Division. Undersigned counsel, however, avows that at present the
6 information Clear Energy has provided is insufficient to complete the settlement negotiations
7 with the Securities Division. Were it adequate Respondents would have had no need to file the
8 Motion to Compel or Request for Immediate Ruling.

9 **Conclusion**

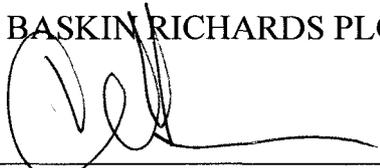
10 For five months Clear Energy has ignored the Commission's subpoena, hampered
11 Respondents' efforts to obtain basic information, disregarded the Commission's rules, conflated
12 the facts and delayed production of straightforward information. No further reason for delay
13 exists. Respondents respectfully request that the Commission immediately grant the relief
14 requested in the Motion to Compel and the Request for Immediate Ruling, along with the
15 further fees and costs associated with this Reply.

16 DATED this 5th day of August, 2013.

17 THE BENTLEY LAW FIRM, P.C.
18 Burton M. Bentley
19 5333 N. 7th Street, Suite C-121
20 Phoenix, Arizona 85014

21 AND

22 BADE BASKIN RICHARDS PLC

23 
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25 Alan S. Baskin
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27 Tempe, Arizona 85281

Attorney for Respondents
Chris Dean Dedmon, Kimberly Dedmon, and SDC
Montana Consulting, LLC

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Original and thirteen (13) copies filed
this 5th day of August, 2013, with:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

COPY of the foregoing hand-delivered
this 5th day of August, 2013 to:

Hearing Officer
Hearing Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

COPY of the foregoing mailed
this 5th day of August, 2013 to:

J. Daryl Dorsey
TIFFANY & BOSCO, P.A.
Camelback Esplanade II, Third Floor
2525 E. Camelback Road
Phoenix, AZ 85016-9240
Attorney for Clear Energy Systems, Inc.

Ryan J. Millecam
Securities Division
Arizona Corporation Commission
1300 W. Washington, 3rd Floor
Phoenix, AZ 85007



EXHIBIT A

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12 Phone: (480) 968-1225
13 Fax: (480) 968-6255
14 E-mail: alan@bbrplc.com

15 Attorney for Respondents

16 **BEFORE THE ARIZONA CORPORATION COMMISSION**

17 In the matter of:

18 DOCKET No.: S-03479A-12-0360

19 CHRISTOPHER DEAN DEDMON
20 CRD#3015575 and KIMBERLY DEDMON,
21 husband and wife,

22 ROBERT R. COTTRELL (a.k.a “ROB
23 COTTRELL”),

24 SDC MONTANA CONSULTING, LLC (a.k.a.,
25 d.b.a., a.b.n. “SDC MONTANA” and “SDC
26 MONTANA OIL & GAS EXPLORATION”),
27 an Arizona limited liability company,

RSC ADVENTURES LLC, an Arizona limited
liability company,

Respondents.

**DECLARATION AND
CERTIFICATION OF ALAN
BASKIN**

Alan Baskin, pursuant to Rule 37(a)(2)(C) of the Arizona Rules of Civil Procedure, declares as follows:

1. I am counsel for Respondents Christopher Dean Dedmon, Kimberly Dedmon and SDC Montana Consulting, LLC (collectively “Respondents”) in this action.
2. I have personal knowledge of all matters set forth herein.

1 3. On or about June 13, 2013 Respondents filed their Motion to Compel Compliance with
2 Administrative Subpoena Duces Tecum (“Motion to Compel”).

3 4. Clear Energy did not respond to the Motion to Compel and on or about July 8, 2013 I
4 sent an e-mail to Mr. Dorsey again requesting that Clear Energy respond to the subpoena.

5 5. On or about July 9, 2013 Mr. Dorsey responded to my July 8, 2013 e-mail stating “I do
6 anticipate a response by tomorrow.”

7 6. On or about July 10, 2013 after not having received a response from Clear Energy,
8 Respondents filed their Request for Immediate Ruling on Motion to Compel Compliance with
9 Administrative Subpoena Duces Tecum.

10 7. On or about July 15, 2013 I sent Mr. Dorsey an e-mail again requesting the financial
11 information requested in the subpoena. Later that day Mr. Dorsey responded to my e-mail and provided
12 pages from Clear Energy’s most recent offering memorandum. I responded to Mr. Dorsey’s e-mail and
13 again identified the information Respondents were specifically requesting. To date neither Mr. Dorsey
14 nor Clear Energy has responded to my e-mail.

15 8. On or about July 26, 2013 Clear Energy filed their Response to Motion to Compel and
16 Response to Request for Immediate Ruling.

17 9. As of the date of this declaration Respondents have received no further information from
18 Clear Energy.

19 I declare under the penalty of perjury that the foregoing statements are true and correct.

20 DATED this 5th day of August, 2013.

21 

22 _____
23 Alan Baskin
24
25
26
27

EXHIBIT B

Alan Baskin

From: Alan Baskin
Sent: Monday, July 15, 2013 4:19 PM
To: 'J. Daryl Dorsey'
Cc: 'Burton M. Bentley'; 'Ryan Millicam'; 'Rosemarie Connell'; Cristina McDonald
Subject: RE: Clear Energy subpoena

Daryl

Thanks for the email and attachments. I have not had a chance to closely review the attachments and am on my way out of the office. We are particularly interested in information related to sales/resales by existing shareholders. We request your client to produce by Wednesday information reflecting all such sales of Clear Energy stock from 2011-2013. We have no objection to redaction of the names of the parties involved.

Thanks

Alan

From: J. Daryl Dorsey [<mailto:jdd@tblaw.com>]
Sent: Monday, July 15, 2013 3:58 PM
To: Alan Baskin
Cc: Burton M. Bentley; Ryan Millicam; Rosemarie Connell; Cristina McDonald
Subject: RE: Clear Energy subpoena

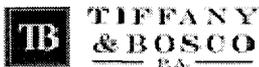
Alan,

I have been authorized to provide selected pages from Clear Energy's recent offering memorandum. These pages provide the stock price. This information combined with the Stock List (which was previously provided) gives you information as to the purchaser and stock price in response to your request.

Please let me know if this acceptable. If more information is required, please let me know so I can request it before Wednesday.

Thanks.

J. Daryl Dorsey
Associate



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From: Alan Baskin [<mailto:alan@bbrplc.com>]
Sent: Monday, July 15, 2013 1:31 PM
To: J. Daryl Dorsey
Cc: Burton M. Bentley; Ryan Millecam; Rosemarie Connell; Cristina McDonald
Subject: Clear Energy subpoena

Daryl

Without waiving any of our clients' rights please let me know if your client will produce information reflecting all sales of Clear Energy stock from 2011-2013. We have no objection to redaction of the names of the parties involved.

If your client is willing to produce the information, please do so by Wednesday, July 17.

Thanks

Alan

Alan Baskin
Bade Baskin Richards PLC
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