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BEFORE THE ARIZONA CORPORATION COMMISSION

AZ CORP COMMISSION  
DOCKET CONTROL

COMMISSIONERS

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

Arizona Corporation Commission

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In the matter of:

DOCKET NO. S-20876A-13-0014

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

LANESBOROUGH FINANCIAL GROUP, LLC, an Arizona limited liability company,

Respondents.

**SEVENTH**  
**PROCEDURAL ORDER**  
**(Grants Motion to Allow**  
**Telephonic Testimony)**

**BY THE COMMISSION:**

On January 28, 2013, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing ("Notice") against James F. Liebes and Lanesbrough Financial Group, LLC, an Arizona limited liability company ("LFG") (collectively "Respondents"), in which the Division alleged multiple violations of the Arizona Securities Act ("Act") as an unregistered dealer or salesman in connection with the offer and sale of securities.

The Respondents were duly served with copies of the Notice.

On February 11, 2013, Respondents James F. Liebes and LFG filed a request for hearing in this matter.

On February 28, 2013, by Procedural Order, a pre-hearing conference was scheduled on March 14, 2013.

On March 14, 2013, the parties appeared through counsel at the pre-hearing conference, and requested that a status conference be scheduled in approximately 30 days while the issues raised by the Notice are discussed.

On March 18, 2013, by Procedural Order, a status conference was scheduled on April 23, 2013.

1 On April 23, 2013, the Division and Respondents appeared through counsel, and while the  
2 parties are attempting to resolve the issues raised in the Notice, the Division requested that a hearing  
3 be scheduled.

4 On April 26, 2013, by Procedural Order, a hearing was scheduled on December 2, 2013.

5 On May 16, 2013, a Motion to Withdraw was filed by counsel for Respondents James F.  
6 Liebes and LFG stating that his clients had failed to fulfill their financial obligations which were  
7 owed for legal services despite warnings that counsel would withdraw "if his bills were not made  
8 current." In support of his Motion to Withdraw, counsel cited Rule 1.16 of the Arizona Rules of  
9 Professional Conduct where the rule is set forth. Counsel served a copy of his Motion to Withdraw  
10 upon his clients and certified that his clients had been notified in writing of the status of the case  
11 including pending matters related to the proceeding.

12 On June 6, 2013, by Procedural Order, the Motion to Withdraw was granted and the hearing  
13 was scheduled to commence on December 2, 2013, as previously ordered.

14 On November 15, 2013, the Division filed a pleading which was captioned as "Motion to  
15 Consolidate Hearings and Recommendation to Continue December 2<sup>nd</sup> Hearing". The Division's  
16 pleading stated that while the proceeding was pending, the Division had found evidence that  
17 Respondents had allegedly "committed additional ongoing violations" of the Act. As a result, the  
18 Division, on November 5, 2013, filed a Temporary Order to Cease and Desist in Docket No. S-  
19 20876A-13-0376 ("TC&D"). The Division stated that Respondents were not served with the TC&D  
20 until November 14, 2013, and pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-307, Respondents had  
21 20 days to request a hearing and within 30 days of service, file their Answers. The Division stated  
22 further that the proceedings were interrelated and should be consolidated; however, Respondents had  
23 not yet responded to the TC&D and it was unknown if Respondents would either request a hearing or  
24 file an Answer in that proceeding.

25 On November 20, 2013, by Procedural Order, the hearing was vacated, and the Motion to  
26 Consolidate the two proceedings was held in abeyance until Respondents either defaulted or  
27 requested a hearing in the TC&D proceeding.

28 On January 29, 2014, the Commission issued Decision No. 74302, a Default Order, in Docket

1 No. S-20876A-13-0376 because the Respondents had neither requested a hearing nor filed an Answer  
2 in the proceeding.

3 On February 12, 2014, the Division filed a Motion to Schedule Hearing in this proceeding.

4 On February 19, 2014, by Procedural Order, a hearing was scheduled to commence on May  
5 20, 2014.

6 On May 8, 2014, the Division filed a Motion to Allow Telephonic Testimony stating that it  
7 would be unduly burdensome for an out of state witness to appear at the hearing scheduled in  
8 Phoenix. Respondents did not file a response to this request.

9 Accordingly, the Division's request should be granted.

10 IT IS THEREFORE ORDERED that the Division's Motion to Allow Telephonic Testimony  
11 is hereby granted.

12 IT IS FURTHER ORDERED that a hearing shall be held on **May 20, 2014 at 10:00 a.m.**, at  
13 the Commission's offices, 1200 West Washington Street, Hearing Room No. 1, Phoenix, Arizona, as  
14 ordered previously.

15 IT IS FURTHER ORDERED that the parties shall reserve **May 21, and 22, 2014** for  
16 additional days of hearing, if necessary.

17 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized  
18 Communications) is in effect and shall remain in effect until the Commission's Decision in this  
19 matter is final and non-appealable.

20 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules  
21 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to the practice of law and admission  
22 *pro hac vice*.

23 IT IS FURTHER ORDERED that withdrawal or representation must be made in compliance  
24 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Arizona  
25 Supreme Court Rule 42). Representation before the Commission includes appearances at all hearings  
26 and procedural conferences, as well as all Open Meetings for which the matter is scheduled for  
27 discussion, unless counsel has previously been granted permission to withdraw by the Administrative  
28 Law Judge or the Commission.

1 IT IS FURTHER ORDERED that the Presiding Administrative Law Judge may rescind, alter,  
2 amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by  
3 ruling at hearing.

4 DATED this 14<sup>TH</sup> day of May, 2014.



MARC E. STERN  
ADMINISTRATIVE LAW JUDGE

8  
9 Copies of the foregoing mailed/delivered  
this 14<sup>th</sup> day of May, 2014 to:

10 James F. Liebes  
11 6301 E. Vista Drive  
12 Paradise Valley, AZ 85253

13 Lanesborough Financial Group, LLC  
14 7373 E. Doubletree Ranch Road, Suite 125  
15 Scottsdale, AZ 85258

16 Matt Neubert, Director  
17 Securities Division  
18 ARIZONA CORPORATION COMMISSION  
19 1300 West Washington Street  
20 Phoenix, AZ 85007

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By: Rebecca Unquera  
Rebecca Unquera  
Assistant to Marc E. Stern