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BEFORE THE ARIZONA CORPORATION

COMMISSIONERS

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

Arizona Corporation Commission

DOCKETED

JUN 24 2014

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DOCKET CONTROL

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DOCKET NO. S-20896A-13-0378

In the matter of:

BRIAN C. HAGEMAN, an unmarried man,
DELUGE, INC, a dissolved Delaware corporation,
HYDROTHERM POWER CORPORATION, a
dissolved Delaware corporation,

Respondents.

FIFTH
PROCEDURAL ORDER
(Denies Motion for Continuance)

BY THE COMMISSION:

On November 5, 2013, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing ("Notice") against Brian C. Hageman, Deluge, Inc. ("Deluge") and Hydrotherm Power Corporation ("Hydrotherm") (collectively "Respondents"), in which the Division alleged multiple violations of the Arizona Securities Act ("Act") in connection with the offer and sale of securities in the form of stock and/or investment contracts.¹

Respondent Hageman was duly served with a copy of the Notice.

On November 12, 2013, Respondent Hageman filed a request for hearing in response to the Notice in this matter pursuant to A.R.S §44-1972 and A.A.C. R14-4-306.

On November 15, 2013, by Procedural Order, a pre-hearing conference was scheduled on December 10, 2013.

On December 10, 2013, at the pre-hearing conference, the Division appeared through counsel and Respondent appeared on his own behalf. Counsel for the Division requested that a hearing be scheduled for approximately one week. Respondent had no objections to this request.

¹ Both Deluge and Hydrotherm are dissolved Delaware corporations.

1 On December 11, 2013, by Procedural Order, a hearing was scheduled to commence on April
2 14, 2014.

3 On March 20, 2014, Respondent Hageman filed a Request for Continuance (“Request”)
4 which stated that the “Respondents request a continuance in order to secure legal counsel.”

5 On March 24, 2014, the Division filed a Response to Request for Continuance objecting to
6 Respondent’s Request.

7 On April 3, 2014, by Procedural Order, the hearing was vacated and a procedural conference
8 scheduled on April 14, 2014, in place of the hearing.

9 On April 14, 2014, at the procedural conference, the Division appeared through counsel and
10 Respondent Hageman also appeared. Mr. Hageman reiterated that he was seeking counsel and that he
11 would be speaking with the Division’s counsel about a resolution of the issues raised by the Notice.
12 A date for rescheduling the proceeding was also discussed. Subsequently, by Procedural Order, the
13 hearing was continued to July 14, 2014.

14 On June 23, 2014, Respondent Hageman filed a Request in which he restated that he was
15 requesting a second six month continuance in order to retain counsel. This entreaty follows his
16 demand for a continuance on March 20, 2014, which was granted when the hearing scheduled on
17 April 14, 2014 was continued to July 14, 2014.

18 On June 24, 2014, the Division filed a response to the second Request by Respondent
19 Hageman. Therein, the Division cited A.A.C. R14-3-109(Q) that states a hearing may be continued
20 “on a showing of good cause.” The Division argued that Respondent has had sufficient time to
21 prepare for a hearing including time to retain counsel. The Division further stated that copies of its
22 proposed exhibits to be introduced at hearing and the names of prospective witnesses had previously
23 been provided to Respondent Hageman.

24 Under the circumstances, the Respondent has failed to establish good cause for a further
25 continuance.

26 IT IS THEREFORE ORDERED that Respondent Brian Hageman’s second Request for
27 Continuance is hereby denied.

28 ...

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

4 IT IS FURTHER ORDERED **that the parties shall reserve July 15, 16, 17 and 18, 2014 for**
5 **additional days of hearing**, if necessary.

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

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

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

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

21 DATED this 24th day of June, 2014.

22
23 
24 MARC E. STERN
ADMINISTRATIVE LAW JUDGE

25
26 Copies of the foregoing mailed/delivered
this 24th day of June, 2014 to:

27 Brian Hageman
28 18832 N. 95th Street
Scottsdale, AZ 85255

1 Matt Neubert, Director
2 Securities Division
3 ARIZONA CORPORATION COMMISSION
4 1300 West Washington Street
5 Phoenix, AZ 85007

6 COASH & COASH, INC.
7 Court Reporting, Video and
8 Videoconferencing
9 1802 North 7th Street
10 Phoenix, AZ 85006

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By: 
Tammy Velarde
Assistant to Marg E. Stern