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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

JUL 7 2014

DOCKETED BY [Signature]

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In the matter of:
BRIAN C. HAGEMAN, an unmarried man,
DELUGE, INC, a dissolved Delaware corporation,
HYDROTHERM POWER CORPORATION, a
dissolved Delaware corporation,
Respondents.

DOCKET NO. S-20896A-13-0378

ORIGINAL

SIXTH
PROCEDURAL ORDER
(Grants Motion for Telephonic
Testimony)

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.

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¹ Both Deluge and Hydrotherm are dissolved Delaware corporations.

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

4 On December 11, 2013, by Procedural Order, a hearing was scheduled to commence on April
5 14, 2014.

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

8 On March 24, 2014, the Division filed a Response to Request for Continuance objecting to
9 Respondent's Request.

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

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

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

21 On June 24, 2014, the Division filed a response to the second Request by Respondent
22 Hageman. Therein, the Division cited A.A.C. R14-3-109(Q) that states a hearing may be continued
23 "on a showing of good cause." The Division argued that Respondent had sufficient time to prepare
24 for a hearing including time to retain counsel. The Division further stated that copies of its proposed
25 exhibits to be introduced at hearing and the names of prospective witnesses had previously been
26 provided to Respondent Hageman. Subsequently, by Procedural Order, it was found that the
27 Respondent had failed to establish good cause for a further continuance, and Respondent Brian
28 Hageman's second Request was denied.

1 On June 30, 2014, the Division filed a Motion for Telephonic Testimony (“Motion”) citing
2 the difficulty for a Wyoming resident who was an investor to appear at the scheduled hearing in
3 Phoenix.

4 There were no objections to the Motion filed by the Respondents.

5 Accordingly, the Divisions Motion should be granted.

6 IT IS THEREFORE ORDERED that the Division’s Motion for Telephonic Testimony is
7 hereby granted.

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

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

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

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

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

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28 ...

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 17th day of July, 2014.

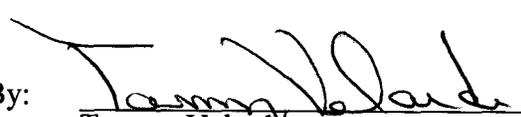
5
6 
7 MARC E. STERN
8 ADMINISTRATIVE LAW JUDGE

9 Copies of the foregoing mailed/delivered
10 this 17th day of July, 2014 to:

11 Brian Hageman
12 18832 N. 95th Street
13 Scottsdale, AZ 85255

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

19 COASH & COASH, INC.
20 Court Reporting, Video and
21 Videoconferencing
22 1802 North 7th Street
23 Phoenix, AZ 85006

24 By: 
25 Tammy Velarde
26 Assistant to Marc E. Stern
27
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