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BEFORE THE ARIZONA CORPORATION

COMMISSIONERS

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

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Arizona Corporation Commission

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ARIZONA CORPORATION COMMISSION  
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IN THE MATTER OF:  
CATHARON SOFTWARE CORPORATION, a  
Delaware corporation,  
BETSY A. FEINBERG and MICHAEL A.  
FEINBERG, husband and wife.  
Respondents.

DOCKET NO. S-20905A-14-0061

**THIRD**  
**PROCEDURAL ORDER**  
**(Sets Status Conference)**

BY THE COMMISSION:

On February 26, 2014, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Temporary Order to Cease and Desist and Notice of Opportunity for Hearing ("T.O. and Notice") against Catharon Software Corporation ("Catharon"), and Betsy A. Feinberg and Michael A. Feinberg, husband and wife (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 common stock.

The Respondents were duly served with copies of the T.O. and Notice.

On March 14, 2014, Respondents filed an Answer to Temporary Order to Cease and Desist and Notice of Opportunity for Hearing and Request for Hearing.

On March 17, 2014, by Procedural Order, a pre-hearing conference was scheduled for April 10, 2014.

On April 10, 2014, at the pre-hearing conference, the Division and Respondents appeared through counsel. Counsel for the Division requested that a hearing be scheduled for at least two weeks beginning in October 2014. Counsel for the Division further requested leave to file an Amended Notice of Opportunity for Hearing, if necessary. Respondents had no objections to these requests.

1 On April 14, 2014, at the request of the parties, a telephonic status conference was held and  
2 the parties appeared through counsel. Counsel for the Respondents requested that the hearing be  
3 scheduled in November 2014. Counsel for the Division did not object to this request. Counsel for  
4 the Respondents agreed to file an acknowledgement regarding potential conflicts of interest.

5 On April 15, 2014, a Procedural Order was issued scheduling a hearing to commence on  
6 November 3, 2014. The parties were further ordered to set aside subsequent days for additional days  
7 of hearing, if necessary. The Respondents were ordered to file an acknowledgement regarding  
8 potential conflicts of interest by May 14, 2014. The Division was ordered to file any amendments to  
9 the T.O. and Notice by June 2, 2014.

10 On April 28, 2014, the Respondents filed their Acknowledgment and Waiver of Potential  
11 Conflicts of Interests.

12 On June 2, 2014, the Division filed an Amended Temporary Order to Cease and Desist and  
13 Notice of Opportunity for Hearing.

14 On June 19, 2014, Respondent Catharon filed a Stipulation to Admission of Records.  
15 Pursuant to the stipulation, Catharon agreed that "the records delivered to the Securities Division of  
16 the Arizona Corporation Commission pursuant to the three (3) Subpoenas Duces Tecum dated  
17 January 3, 2014 (collectively the "Records") may be entered and admitted into evidence at any  
18 proceeding in [this] matter without any evidentiary foundation." Catharon further waived any  
19 objection to the admission of the "Records" in this matter.

20 On June 20, 2014, the Division filed a Motion for Status Conference Regarding Subpoena  
21 Enforcement Action. In its motion, the Division asserted that it had filed a subpoena enforcement  
22 action in Maricopa County Superior Court. The Division stated that on June 19, 2014, "Judge  
23 Cunanan ordered the parties to have a conference with the Administrative Law Judge to see if the  
24 parties can agree to resolve the issue in the subpoena enforcement action pending before Judge  
25 Cunanan." The Division noted that "Judge Cunanan acknowledged that he, and not the  
26 Administrative Law Judge, has the jurisdiction to decide and resolve the subpoena enforcement  
27 action" and that he scheduled a hearing for August 1, 2014, should the parties be unable to resolve  
28 the matter before the Administrative Law Judge. The Division stated that "Judge Cunanan directed

1 the parties to appear before the Administrative Law Judge during the weeks of June 23-27 or June 30-  
2 July 3, 2014.” The Division further expressed that it considered Catharon’s June 19, 2014 stipulation  
3 to be “unsatisfactory and unacceptable”.

4 Accordingly, a status conference should be scheduled. The parties should be prepared to  
5 discuss a possible resolution to the issue of the pending subpoena enforcement action.

6 IT IS THEREFORE ORDERED that a status conference shall be held on **June 30, 2014, at**  
7 **10:00 a.m., at the Commission’s offices, 1200 West Washington Street, Hearing Room No. 1,**  
8 **Phoenix, Arizona.**

9 IT IS FURTHER ORDERED that the **hearing remains scheduled to commence on**  
10 **November 3, 2014, at 10:00 a.m., at the Commission’s offices, 1200 West Washington Street,**  
11 **Hearing Room No. 1, Phoenix, Arizona.**

12 IT IS FURTHER ORDERED that **the parties shall also set aside November 4, 10, 12-14,**  
13 **17-21, and 24-26, 2014, for additional days of hearing,** if necessary.

14 IT IS FURTHER ORDERED that **the Division and Respondents shall exchange copies of**  
15 **their Witness Lists and copies of the Exhibits by October 3, 2014,** with courtesy copies provided  
16 to the presiding Administrative Law Judge.

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 Rule 42 of the  
25 Rules of the Arizona Supreme Court). Representation before the Commission includes appearances  
26 at all hearings and procedural conferences, as well as all Open Meetings for which the matter is  
27 scheduled for discussion, unless counsel has previously been granted permission to withdraw by the  
28 Administrative 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 23<sup>RD</sup> day of June, 2014.

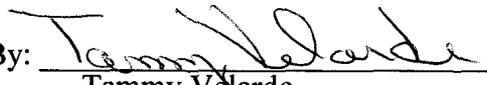
5  
6   
7 \_\_\_\_\_  
8 MARK PRENY  
9 ADMINISTRATIVE LAW JUDGE

10 Copies of the foregoing mailed/delivered  
11 this 23<sup>RD</sup> day of June, 2014, to:

12 Bruce R. Heurlin  
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27 By:   
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