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**BEFORE THE ARIZONA CORPORATION**

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SECURITIES COMMISSION  
DOCKET CONTROL

ORIGINAL

IN THE MATTER OF:

DOCKET NO. S-20823A-11-0407

THOMAS LAURENCE HAMPTON,  
CRD #2470192, and STEPHANIE YAGER,  
husband and wife;

Arizona Corporation Commission

DOCKETED

TIMOTHY D. MORAN, CRD #2326078,  
and PATRICIA MORAN, husband and wife;

AUG 22 2014

PATRICK MORAN, CRD #1496354, and  
KELLY MORAN, husband and wife; and

DOCKETED BY 

HAMPTON CAPITAL MARKETS, LLC,  
an Arizona limited liability company,

**NINETEENTH**  
**PROCEDURAL ORDER**  
**(Schedules Procedural Conference)**

RESPONDENTS.

**BY THE COMMISSION:**

On November 10, 2011, the Securities Division (“Division”) of the Arizona Corporation Commission (“Commission”) filed a Temporary Order to Cease and Desist (“T.O.”) and a Notice of Opportunity for Hearing (“Notice”) against Thomas Laurence Hampton and Jane Doe Hampton, husband and wife, and Hampton Capital Markets, L.L.C. (“HCM”), an Arizona limited liability company, (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 or investment contracts.

The spouse (“Respondent Spouse”) of Respondent Thomas Hampton was joined in the action pursuant to A.R.S. § 44-2031(C) solely for the purpose of determining the liability of the marital community.

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

On November 30, 2011, a request for hearing was filed on behalf of all Respondents who had been named in the November 10, 2011, T.O. and Notice.

1 On December 6, 2011, by Procedural Order, a pre-hearing conference was scheduled on  
2 January 5, 2012. Subsequently, the Division filed a Motion to File Amended T.O. and Notice in  
3 order to state the correct name of Mr. Hampton's spouse. However, the substantive allegations  
4 contained in the initial T.O. and Notice remained unchanged.

5 On December 12, 2011, the Division and Respondent filed a Joint Stipulation regarding the  
6 Amended T.O. and Notice. Respondents had no objections to the filing of the Amended T.O. and  
7 Notice to correct the name of Mr. Hampton's spouse (Stephanie Yager) and the parties stipulated that  
8 Respondents' initial request for hearing filed November 30, 2011, would be applicable as to the  
9 Amended T.O. and Notice. Additionally, the parties stipulated that Respondents' would have at least  
10 30 days to file an Answer from the date of an Order which authorizes the filing of the Amended T.O.  
11 and Notice.

12 On December 15, 2011, by Procedural Order, the Division was granted leave to file an  
13 Amended T.O. and Notice to correct the name of Mr. Hampton's spouse as stipulated by the parties.

14 On December 20, 2011, the Division filed the Amended T.O. and Notice.

15 On January 5, 2012, at the pre-hearing conference, the Division and Respondents, Thomas  
16 Hampton and HCM appeared through counsel. Counsel for Mr. Hampton and HCM indicated that he  
17 did not represent Mr. Hampton's spouse, Stephanie Yager, and that Mr. Hampton's spouse would be  
18 represented by separate counsel in the proceeding. The Division and Mr. Hampton and HCM were  
19 conducting settlement discussions, but the Division indicated that it intended to further amend the  
20 T.O. and Notice. In the interim, the Division requested that a status conference be scheduled in  
21 approximately 90 days.

22 On January 6, 2012, by Procedural Order, a status conference was scheduled on April 26, 2012.

23 On February 6, 2012, counsel for Respondents, Thomas Hampton and HCM, filed a Motion to  
24 Withdraw as counsel stating that he and his clients had a conflict which rendered his representation  
25 "untenable," and that to disclose the reason would violate the attorney client privilege.

26 On February 9, 2012, by Procedural Order, counsel for Respondents, Thomas Hampton and  
27 HCM, was granted leave to withdraw.

28 ...

1 On April 24, 2012, the Division and Respondents filed a Joint Stipulation to Continue the  
2 status conference scheduled on April 26, 2012, for at least 60 days because Mr. Hampton was  
3 currently traveling outside of Arizona, and because the Division intended to file an Amended Notice.

4 On April 25, 2012, by Procedural Order, the status conference was continued to July 10, 2012.

5 On June 27, 2012, the Division filed a Motion to Amend the caption and Notice in the  
6 proceeding, and requested that the status conference scheduled on July 10, 2012, be vacated. The  
7 Division included a copy of the proposed Amended Notice as Exhibit "A". The proposed Amended  
8 Notice named additional Respondents in the caption and contained new allegations.

9 On July 6, 2012, the Division and Respondents, Mr. Hampton and HCM, filed a Joint  
10 Stipulation to amend the caption and the Notice in this proceeding and to vacate the status  
11 conference. Respondent Stephanie Yager did not sign the Joint Stipulation.

12 On July 9, 2012, by Procedural Order, leave to amend the caption and the Notice was granted  
13 and the status conference was vacated.

14 On July 12, 2012, the Division filed the Amended Notice naming additional Respondents and  
15 adding new allegations to the Notice. Additionally, the respective spouses were joined in the action  
16 pursuant to A.R.S. § 44-2031(C) solely for the purpose of determining the liability of the respective  
17 marital communities.

18 The additional Respondents were duly served with copies of the Amended Notice.

19 On August 6, 2012, Respondents Timothy Moran and Patricia Moran filed a request for  
20 hearing.

21 On August 7, 2012, Respondents Patrick Moran and Kelly Moran filed a request for hearing.

22 On August 8, 2012, by Procedural Order, a pre-hearing conference was scheduled on August  
23 21, 2012.

24 On August 20, 2012, Respondents Timothy and Patricia Moran filed a Motion to Stay  
25 Proceedings based on what was termed "a reasonable fear of criminal prosecution" and requested  
26 protection for Mr. Timothy Moran's constitutional rights under both the United States and Arizona  
27 Constitutions.

28 ...

1 On August 21, 2012, at the pre-hearing conference, the Division, Respondents Timothy  
2 Moran and Patricia Moran and Respondents Patrick Moran and Kelly Moran were represented by  
3 counsel. No appearances were made by Respondents Thomas Hampton, Stephanie Yager or HCM or  
4 anyone on their behalf. Based on the August 20, 2012, motion filed by Timothy and Patricia Moran  
5 to stay the proceeding, the parties who were present agreed that the pre-hearing conference should be  
6 continued for at least 60 days. Counsel for the Division further indicated that the Division had not yet  
7 had time to thoroughly review the pending Motion to Stay.

8 On August 22, 2012, by Procedural Order, another pre-hearing conference was scheduled on  
9 November 8, 2012. It was also noted that although a request for a hearing was filed pursuant to  
10 A.R.S. § 44-1972 and A.A.C. R14-4-306 for Respondent Stephanie Yager neither she nor an attorney  
11 on her behalf had entered an appearance in subsequent proceedings. Additionally, Respondents  
12 Patrick and Kelly Moran filed joinder in Respondents Timothy and Patricia Moran's Motion to Stay.

13 On August 24, 2012, Respondents Timothy and Patricia Moran filed an Answer and Motion  
14 to Dismiss the Amended Notice. A key argument in support of the motion filed by Timothy and  
15 Patricia Moran was the extremely vague nature of the allegations against Mr. Timothy Moran in the  
16 Amended Notice.

17 On September 6, 2012, the Division filed its response to the Motion to Stay filed by Timothy  
18 and Patricia Moran and the joinder of Patrick and Kelly Moran to the aforementioned motion. The  
19 Division argued that the Motion to Stay should be denied because "there is no substantial prejudice to  
20 any Respondent or their respective spouses by proceeding forward." The Division argued this point  
21 despite the fact that an adverse order against the Moran Respondents could possibly subject them to a  
22 substantial order of restitution and administrative penalties. The Division further did not take into  
23 account the credible affidavits of two well-respected Arizona attorneys who both agreed that  
24 Respondent Timothy Moran was the subject of a United States Department of Justice federal criminal  
25 investigation and that he faces a realistic threat of criminal prosecution.

26 On September 17, 2012, the Division filed its response to the Motion to Dismiss filed by  
27 Respondents Timothy and Patricia Moran. In its response the Division argued that the Amended  
28 Notice was sufficient to put Respondent Timothy Moran on notice of his alleged violations of the Act

1 and that the requirements of the Arizona Administrative Code (“A.A.C.”) and the rules of the  
2 Commission had been met. As a result, the Division argued that the Motion to Dismiss should be  
3 denied. However, in concluding its response, the Division acknowledged that the Administrative  
4 Law Judge (“ALJ”) could order the Division to further amend the Amended Notice to add additional  
5 allegations, if he determined the current allegations should be amended or supplemented.

6 On September 18, 2012, Respondents Timothy and Patricia Moran filed their reply in support  
7 of their Motion to Stay in which it was argued that the test was whether there is a realistic threat of  
8 criminal prosecution and not whether there was a pending criminal prosecution or whether a  
9 substantial prejudice would result from the proceeding going forward.

10 On September 28, 2012, Respondents Timothy and Patricia Moran filed their reply in support  
11 of their Motion to Dismiss in which it was argued that the Commission’s rule A.A.C. R14-3-106(L)  
12 and also A.R.S. § 41-1061(B)(4) both required the Division to state more succinctly in its Amended  
13 Notice allegations which stated in greater detail the charges against Mr. Timothy Moran to enable  
14 him to present a defense.

15 On November 2, 2012, by Procedural Order, Respondents Timothy and Patricia Moran’s  
16 Motion to Stay, which was joined by Respondents Patrick and Kelly Moran, was granted and the pre-  
17 hearing conference scheduled on November 8, 2012, was vacated. The Motion to Dismiss was taken  
18 under advisement.

19 On December 4, 2012, the Division filed the Second Amended Notice against Respondents.

20 On February 22, 2013, a Motion to Withdraw was filed by counsel for Respondents Timothy  
21 Moran and Patricia Moran stating that his clients had failed to fulfill their financial obligations which  
22 were owed for legal services despite warnings that counsel would withdraw “if his bills were not  
23 made current.” In support of his Motion to Withdraw, counsel cited Rule 1.16 of the Arizona Rules  
24 of Professional Conduct where the rule is set forth. Counsel served a copy of his Motion to Withdraw  
25 upon his clients and certified that his clients had been notified in writing of the status of the case  
26 including pending matters related to the proceeding.

27 No objections were filed to the Motion to Withdraw filed by counsel for Respondents  
28 Timothy Moran and Patricia Moran.

1 On March 4, 2013, by Procedural Order, the Motion to Withdraw was granted.

2 On May 3, 2013, the Division filed a Motion to Set a Status Conference and Order Lifting the  
3 Stay stating that criminal action would soon be concluded against Respondent Thomas Hampton  
4 since he had recently consented to a plea agreement, and there were no criminal indictments against  
5 the Moran Respondents.

6 There were no objections filed to the Division's Motion to schedule a status conference and to  
7 issue an Order to lift the stay.

8 On May 21, 2013, by Procedural Order, a status conference was scheduled on June 12, 2013,  
9 to examine the present circumstances and whether the stay should be lifted.

10 On June 5, 2013, counsel for Patrick and Kelly Moran filed a Motion for a Continuance of the  
11 status conference because he was going out of the state on June 12, 2013, and unable to attend. The  
12 Division did not oppose this request.

13 On June 10, 2013, by Procedural Order, the status conference was continued to July 16, 2013.

14 On July 16, 2013, at the status conference, the Division and Respondents, Patrick and Kelly  
15 Moran, appeared through counsel. There were no appearances entered by the other Respondents. The  
16 parties discussed whether the stay should be removed and what the current status of Respondent  
17 Hampton was with respect to the criminal proceeding. The Division's counsel indicated that Mr.  
18 Hampton was scheduled for sentencing in the criminal proceeding in the latter part of August, and it  
19 was agreed by counsel who were present that another status conference should be scheduled in  
20 September.

21 On July 18, 2013, by Procedural Order, another status conference was scheduled on  
22 September 24, 2013.

23 On August 29, 2013, the Division filed a Motion for a Continuance of the status conference  
24 because the Division had been informed that Respondent Hampton would not be sentenced until  
25 September 26, 2013.

26 On September 3, 2013, by Procedural Order, the status conference was continued to October  
27 10, 2013.

28 ...

1 On September 24, 2013, the Division filed a Joint Stipulation to Continue the status  
2 conference.

3 On September 25, 2013, by Procedural Order, the status conference was continued to October  
4 17, 2013.

5 On October 17, 2013, at the status conference, the Division and Respondents Patrick and  
6 Kelly Moran appeared through counsel. Neither Respondents Thomas Hampton nor Stephanie Yager  
7 appeared and neither Respondents Timothy nor Patricia Moran appeared. Counsel for the Division  
8 stated that Mr. Hampton had pled guilty to one count of commodities fraud and had been sentenced to  
9 a 30 month prison term and ordered to pay restitution. The Division anticipated that they will  
10 conclude their matter with Respondent Hampton and his spouse prior to a hearing on this matter for  
11 the remaining Respondents, the Morans. Counsel for the Division and Timothy and Patricia Moran  
12 discussed their trial schedules and agreed that a hearing should be scheduled in May 2014 to avoid  
13 conflicts with their previously scheduled hearings.

14 On October 24, 2013, a hearing was scheduled to commence on May 12, 2014, and the parties  
15 were ordered to exchange copies of their Witness Lists and Exhibits by March 28, 2014.

16 On January 7, 2014, the Commission issued Decision No. 74240, a Consent Order against  
17 Respondents Hampton and HCM and dismissed Respondent Stephanie Yager.

18 On January 15, 2014, Respondents Patrick and Kelly Moran filed what was termed "First  
19 Request for Production of Documents" to the Commission.

20 On January 28, 2014, the Division filed its response stating that the date scheduled for the  
21 exchange of the parties' copies of their Exhibit and Witness Lists is to take place by March 28, 2014,  
22 and that the Division will comply with Procedural Order which ordered the exchange. The Division  
23 cited a variety of legal arguments in support of its position and further stated that under the  
24 circumstances the request was inappropriate.

25 On February 24, 2014, by Procedural Order, the request of Respondents Patrick and Kelly  
26 Moran was denied.

27 On March 28, 2014, the Division filed a motion requesting leave to amend the Second  
28 Amended Notice coupled with a joint motion to continue the exchange of proposed lists of exhibits

1 and witnesses and also the evidentiary hearing date. The proposed amended Notice by the Division  
2 included new allegations concerning Respondent Timothy Moran. The Division indicated that  
3 counsel for Respondents Patrick and Kelly Moran had no objections to both the continuance of the  
4 exchange and the evidentiary hearing. Additionally, the Division indicated that counsel for Patrick  
5 and Kelly Moran had no objections to the further amendment of the Notice. No response was filed by  
6 Respondents Timothy and Patricia Moran.

7 On April 19, 2014, by Procedural Order, the Division's motion to amend the Second  
8 Amended Notice was granted as was the joint motion to continue both the exchange of  
9 documentation and the evidentiary hearing. It was further ordered that after the Third Amended  
10 Notice was filed, served and answered, that a procedural conference be scheduled to determine the  
11 future dates for the exchange of documentation and the evidentiary hearing.

12 On April 28, 2014, the Third Amended Notice was filed.

13 On May 9, 2014, Respondents Patrick and Kelly Moran filed a request for hearing in response  
14 to the Third Amended Notice.

15 On May 23 and July 1, 2014, according to affidavits filed by the Division, Respondents  
16 Timothy Moran and Patricia Moran, respectively, were served with copies of the Third Amended  
17 Notice, but they have not filed any responses.

18 Accordingly, a procedural conference should be scheduled.

19 IT IS THEREFORE ORDERED that a procedural conference shall be held on **September 18,**  
20 **2014, at 10:00 a.m.,** in Hearing Room No. 1, at the offices of the Commission, 1200 W. Washington  
21 Street, Phoenix, Arizona.

22 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized  
23 Communications) applies to this proceeding as the matter is now set for public hearing.

24 IT IS FURTHER ORDERED that withdrawal or representation must be made in compliance  
25 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the  
26 Rules of the Arizona Supreme Court). Representation before the Commission includes appearances  
27 at all hearings and procedural conferences, as well as all Open Meetings for which the matter is  
28

1 scheduled for discussion, unless counsel has previously been granted permission to withdraw by the  
2 Administrative Law Judge or the Commission.

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

6 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive  
7 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

8 DATED this 22<sup>nd</sup> day of August, 2014.

9  
10  
11   
12 MARC E. STERN  
13 ADMINISTRATIVE LAW JUDGE  
14

15 Copies of the foregoing mailed/delivered  
16 this 22<sup>nd</sup> day of August, 2014 to:

17 Michael D. Curran  
18 MAYNARD CRONIN ERICKSON  
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20 3200 North Central Avenue, Suite 1800  
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26 Scottsdale, AZ 85253

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