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BEFORE THE ARIZONA CORPORATION COM.....

IN THE MATTER OF:)	
)	
CATHARON SOFTWARE CORPORATION, a)	DOCKET NO.
Delaware corporation,)	S-20905A-14-0061
)	
BETSY A. FEINBERG and MICHAEL A.)	
FEINBERG, husband and wife.)	PROCEDURAL
)	CONFERENCE
Respondents.)	
)	

At: Phoenix, Arizona
 Date: October 15, 2014
 Filed: October 29, 2014

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1 BE IT REMEMBERED that the above-entitled and
2 numbered matter came on regularly to be heard before
3 the Arizona Corporation Commission, in Hearing Room 1
4 of said Commission, 1200 West Washington Street,
5 Phoenix, Arizona, commencing at 10:05 a.m. on the
6 15th day of October, 2014.

7
8 BEFORE: MARK H. PRENY, Administrative Law Judge

9 APPEARANCES:

10
11 For the Arizona Corporation Commission Securities Division:
(APPEARING VIA TELECONFERENCE)

12 Mr. James D. Burgess
13 Staff Attorney, Securities Division
14 1300 W. Washington Street
Phoenix, Arizona 85007-2996

15 For the Applicant:
(APPEARING VIA TELECONFERENCE)

16 MUNGER CHADWICK, P.L.C.
17 Mr. Robert J. Metli
18 Mr. John F. Munger
2398 E. Camelback Road
Suite 240
19 Phoenix, Arizona 85016

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Prepared By:
JODY L. LENSCHOW, RMR, CRR
Certified Reporter
Certificate No. 50192
(APPEARING VIA TELECONFERENCE)

1 ALJ PRENY: All right, we'll go ahead
2 and go on the record. This is the time set for a
3 telephonic procedural conference in the matter of
4 Catharon Software Corporation, Betsy A. Feinberg and
5 Michael A. Feinberg, Docket No. S-20905A-14-0061. I am
6 Administrative Law Judge Mark Preny. I'll be presiding
7 over this matter today.

8 We'll begin by taking appearances for
9 the record, starting with counsel for securities.

10 MR. BURGESS: Good morning, Your Honor.
11 James Burgess, Jamie Burgess, for the Securities
12 Division of the Arizona Corporation Commission.

13 ALJ PRENY: And for the respondents.

14 MR. METLI: Yes, good morning, Your
15 Honor. Robert Metli with the law firm of Munger
16 Chadwick on behalf of Catharon Corporation, Betsy
17 Feinberg and Michael Feinberg.

18 ALJ PRENY: Thank you.

19 The purpose of our procedural conference
20 today is to address the matter of a scheduling conflict
21 that has arisen. This goes back to the period that we
22 had previously planned to reserve for continued
23 hearing.

24 Specifically, one of the hearing
25 rooms -- well, none of the hearing rooms, apparently,

1 are going to be available, potentially, for the dates
2 of November 12 through 14 and November 17 through 21.
3 In the procedural order I issued on October 6th of
4 2014, I encouraged the parties to discuss options for
5 rescheduling the hearing, in whole or in part. Since
6 my original order, I noticed Mr. Metli is now
7 representing the respondents. I received a stipulation
8 of substitution of counsel yesterday.

9 MR. MUNGER: This is John Munger. I'm
10 sorry I'm late. I apologize to everybody.

11 ALJ PRENY: Good morning, Mr. Munger.
12 And I don't know if Mr. Metli is with you, but he's
13 also on the line.

14 MR. MUNGER: Yes, I know. I apologize,
15 Your Honor. I had my phone was supposed to give me a
16 ring to remind me of the call, and it didn't do it. I
17 have no other excuse for that. I really deeply
18 apologize.

19 ALJ PRENY: Oh, thank you.

20 Now, have the parties -- I guess,
21 Mr. Burgess, I'll address you. Have you had an
22 opportunity to discuss the scheduling of the hearing
23 with new counsel for the respondents?

24 MR. BURGESS: Yes, Your Honor.

25 Mr. Munger and I spoke yesterday, and we both confirmed

1 with each other that the entire month of February is
2 available for us, if it would be available for you and
3 the Hearing Division.

4 ALJ PRENY: So if I understand
5 correctly, I guess the intention is to scrap the
6 dates in November completely and just schedule for
7 February?

8 MR. BURGESS: Yes, Your Honor. And I
9 discussed with prior counsel, Bruce Heurlin, after we
10 received your order, actually via e-mail, and we agreed
11 that trying to do some of the hearing in November and
12 then the rest of the hearing at a later date in early
13 2015 would probably make for a disjointed presentation
14 of the evidence.

15 And so Mr. Heurlin and I both agreed
16 that it made sense to reschedule the entire hearing for
17 one solid block of time.

18 ALJ PRENY: Mr. Burgess, I guess what
19 date were the parties contemplating a start date?

20 MR. BURGESS: Mr. Munger and I discussed
21 yesterday that we can start on the first Monday in
22 February, which is February 2nd.

23 ALJ PRENY: And how long would you
24 anticipate the hearing to require?

25 MR. BURGESS: Between 10 and 12 hearing

1 dates, and I did not discuss the length of the hearing
2 with Mr. Munger, but due to --

3 MR. MUNGER: That sounds approximately
4 correct, Your Honor. That sounds approximately
5 correct.

6 ALJ PRENY: And, Mr. Munger, please
7 don't speak over because we're trying to get a clear
8 record, and it's particularly difficult on the
9 telephonics.

10 But you agree, Mr. Munger, that that's
11 the time frame, I guess, that you guys were discussing;
12 and you're thinking with both the Division's witnesses
13 and respondents' witnesses, we're looking at 10 to
14 12 days?

15 MR. MUNGER: I think that's correct,
16 Your Honor. I don't know how much time that the
17 Division intends to take, but I would approximate
18 6 days each, something like that.

19 ALJ PRENY: All right, I'm looking
20 through the Hearing Division's calendar here now.

21 All right, I notice if we start on
22 February 2nd, it looks like we should be able to
23 schedule at least a two-week block. It looks like
24 there's a holiday on February 16th for Presidents Day,
25 and so I'm tempted to maybe reserve between

1 February 2nd and February 20th, because at this point
2 in time we're not sure what the 2015 open meeting dates
3 will be, so there's a possibility that we may lose a
4 day or two in that span for open meeting, in addition
5 to the holiday.

6 Mr. Burgess, does that sound like an
7 appropriate block?

8 MR. BURGESS: Yes, Your Honor.

9 ALJ PRENY: And, Mr. Munger, does that
10 work for the respondents as well?

11 MR. MUNGER: Yes, sir.

12 ALJ PRENY: All right, so we'll go ahead
13 and reserve a hearing room beginning February 2nd and
14 running through February 20th.

15 Any other procedural matters for the
16 Division?

17 MR. BURGESS: Yes, Your Honor. We would
18 ask that Munger Chadwick, as new counsel, file, similar
19 to what Mr. Heurlin and his firm filed, an
20 acknowledgement and waiver of potential conflict of
21 interest, since they do represent multiple respondents
22 in this action.

23 ALJ PRENY: Mr. Munger, would you
24 have any objection to filing something along those
25 lines?

1 MR. MUNGER: No, sir.

2 ALJ PRENY: Okay. How soon do you think
3 you could have something filed?

4 MR. MUNGER: Within a few days, Your
5 Honor. Give me a week. I don't anticipate any
6 problem.

7 ALJ PRENY: Okay. Thank you.

8 Mr. Burgess, was there anything else
9 that the Division wanted to bring up today?

10 MR. BURGESS: No, Your Honor.

11 ALJ PRENY: And, Mr. Munger, do you have
12 any issues on behalf of the respondents?

13 MR. MUNGER: No, sir.

14 ALJ PRENY: Okay. I guess I'll pose
15 this for anyone. Do we need any type of additional
16 period prior to our new hearing date for changes for
17 exhibits or witness lists? I see you both decided to
18 file something already.

19 Mr. Burgess, do we need anything
20 additional?

21 MR. BURGESS: From our perspective,
22 the respondents' witness and exhibit list was sparse,
23 so I would ask Mr. Munger to consider filing an
24 amended or supplemental that designates with more
25 particularity the witnesses, the exhibits in

1 particular, that the respondents intend to introduce at
2 the hearing.

3 ALJ PRENY: Mr. Munger, I know you're
4 somewhat new to the case at present. Did you have a
5 response to that?

6 MR. MUNGER: Yes, sir. We're glad to do
7 that. In fact, we would like to be able to reevaluate
8 our witnesses. I will tell you I did not -- I do not
9 believe that the witness list that was provided -- it
10 was sparse, and we would like very much to have a
11 period of time to submit an additional witness list,
12 and we're glad to do the further explanation of the
13 exhibit list and say what exhibits we're going to use,
14 as Mr. Burgess has requested. And I --

15 ALJ PRENY: How about if I -- I'm sorry,
16 go ahead.

17 MR. MUNGER: I would think if you could
18 give me -- since we're doing February 2nd, if you could
19 give me 30 days to do that, I can do that.

20 ALJ PRENY: I would be willing -- I mean
21 we usually schedule these about 30 or 45 days prior to
22 the first day of hearing. I know this being a bit of a
23 lengthier hearing, perhaps, than some, maybe would
24 45 days before the hearing date, Mr. Burgess, would
25 that be acceptable for the Division?

1 MR. BURGESS: Yes, Your Honor.

2 ALJ PRENY: Okay. Mr. Munger, would
3 that be ample time for you?

4 MR. MUNGER: Yes, sir. Thank you.

5 ALJ PRENY: And I'll include in the
6 procedural order; I don't know, Mr. Burgess, if the
7 Division wants to make any changes between now and
8 then, but I'll order that any additions or supplements
9 for both parties be exchanged approximately 45 days
10 prior to the beginning of the hearing.

11 Anything else, Mr. Burgess?

12 MR. BURGESS: No, Your Honor.

13 ALJ PRENY: Mr. Munger, anything else
14 for the respondents?

15 MR. MUNGER: No, sir, Your Honor,
16 except, again, I deeply apologize. I thought I had
17 this thing all planned out and to get a warning, and I
18 didn't get it, and I deeply apologize. That's not the
19 way I operate.

20 ALJ PRENY: No, I understand these
21 things happen, and I know that your firm is new to the
22 case as well. So as long as we got ahold of somebody
23 and we were able to make some progress today, that's
24 what's important.

25 So there being nothing further for

1 today, I'll go ahead and conclude our proceedings.
2 I'll issue a procedural order that's consistent with
3 what we have discussed. Thank you, all. I'm see you
4 in February, and we are adjourned for now.

5 (The telephonic procedural conference
6 concluded at 10:16 a.m.)

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1 STATE OF ARIZONA)
COUNTY OF MARICOPA)

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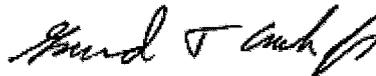
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13 ethical obligations set forth in ACJA 7-206(F)(3)
14 and ACJA 7-206 (J)(1)(g)(1) and (2). Dated at
15 Phoenix, Arizona, this 22nd day of October, 2014.

16 

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18 JODY L. LENSCHOW, RMR, CRR
19 Certified Reporter
20 Arizona CR No. 50192

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