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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman  
BOB STUMP  
BOB BURNS  
DOUG LITTLE  
TOM FORESE

Arizona Corporation Commission

DOCKETED

SEP 25 2015

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AZ CORP COMMISSION  
DOCKET CONTROLLER

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In the matter of:

Docket No. S-20932A-15-0220

LOAN GO CORPORATION, a Utah corporation,

JUSTIN C. BILLINGSLEY and HEATHER BILLINGSLEY, husband and wife,

JEFFREY SCOTT PETERSON, an unmarried man,

JOHN KEITH AYERS and JENNIFER ANN BRINKMAN-AYERS, husband and wife,

Respondents.

**RESPONDENTS JUSTIN C. BILLINGSLEY AND HEATHER BILLINGSLEY'S ANSWER TO NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER TO CEASE AND DESIST, ORDER FOR RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES AND ORDER FOR OTHER AFFIRMATIVE ACTION**

Respondents JUSTIN C. BILLINGSLEY and HEATHER BILLINGSLEY (collectively, "Billingsley") submit their Answer to the Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties and for Other Affirmative Action ("Notice"). Billingsley responds to the numbered paragraphs of the Notice as follows:

**I.  
JURISDICTION**

1. Billingsley admits the allegations in paragraph 1 of the Notice.

**II.  
RESPONDENTS**

2. Billingsley admits the allegations in paragraph 2 of the Notice.

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- 3. Billingsley admits the allegations contained in paragraph 3 of the Notice.
- 4. Billingsley admits the allegations in paragraph 4 of the Notice.
- 5. Billingsley is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 5, and, therefore denies those allegations.
- 6. Billingsley is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 6, and, therefore denies those allegations.
- 7. Billingsley admits, upon information and belief, the allegations in paragraph 7 of the Notice.
- 8. Billingsley is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 8, and, therefore denies those allegations.
- 9. Billingsley admits, upon information and belief, the allegations in paragraph 9 of the Notice.
- 10. Billingsley admits the allegations concerning Heather Billingsley, but is without sufficient knowledge or information to admit or deny the remaining allegations contained in paragraph 10, and, therefore denies those allegations.
- 11. Billingsley denies the allegations contained in paragraph 11 of the Notice.
- 12. This paragraph explains how the Notice refers to the parties and requires no answer.

**III.  
FACTS**

- 13. Billingsley admits the allegations in paragraph 13 of the Notice.
- 14. Billingsley admits the allegations in paragraph 14 of the Notice.
- 15. Billingsley admits the allegations in paragraph 15 of the Notice.
- 16. Billingsley admits that Ayers provided some employees and office space to Billingsley. Billingsley is without sufficient knowledge or information to

1 admit or deny the remaining allegations contained in paragraph 16, and, therefore  
2 denies those allegations.

3 17. Billingsley admits that Ayers prepared an application for a Utah lending  
4 license. Billingsley is without sufficient knowledge or information to admit or deny  
5 the remaining allegations contained in paragraph 17, and, therefore denies those  
6 allegations.

7 18. Billingsley admits the allegations in paragraph 18 of the Notice.

8 19. Billingsley denies the allegations in paragraph 19 of the Notice.

9 20. Billingsley denies the allegations in paragraph 20 of the Notice.

10 21. Billingsley admits the allegations in paragraph 21 of the Notice.

11 22. Billingsley is without sufficient knowledge or information to admit or  
12 deny the allegations contained in paragraph 22, and, therefore denies those  
13 allegations.

14 23. Billingsley is without sufficient knowledge or information to admit or  
15 deny the allegations contained in paragraph 23, and, therefore denies those  
16 allegations.

17 24. Billingsley is without sufficient knowledge or information to admit or  
18 deny the allegations contained in paragraph 24, and, therefore denies those  
19 allegations.

20 25. Billingsley is without sufficient knowledge or information to admit or  
21 deny the allegations contained in paragraph 25, and, therefore denies those  
22 allegations.

23 26. The allegations in paragraph 26 refer to documents that speak for  
24 themselves. To the extent an answer is required, Billingsley denies knowledge or  
25 information sufficient to form a belief as to the truth of the allegations, and therefore  
26 denies them.

1           27.    The allegations in paragraph 27 refer to the documents, the terms and  
2 conditions of which speak for themselves. To the extent an answer is required,  
3 Billingsley denies knowledge or information sufficient to form a belief as to the truth  
4 of the allegations, and therefore denies them.

5           28.    Billingsley is without sufficient knowledge or information to admit or  
6 deny the allegations contained in paragraph 28, and, therefore denies those  
7 allegations.

8           29.    Billingsley is without sufficient knowledge or information to admit or  
9 deny the allegations contained in paragraph 29, and, therefore denies those  
10 allegations.

11          30.    Billingsley is without sufficient knowledge or information to admit or  
12 deny the allegations contained in paragraph 30, and, therefore denies those  
13 allegations.

14          31.    Billingsley is without sufficient knowledge or information to admit or  
15 deny the allegations contained in paragraph 31, and, therefore denies those  
16 allegations.

17          32.    Billingsley is without sufficient knowledge or information to admit or  
18 deny the allegations contained in paragraph 32, and therefore denies those allegations.

19          33.    The allegations in paragraph 33 refer to documents that speak for  
20 themselves. To the extent an answer is required, Billingsley denies knowledge or  
21 information sufficient to form a belief as to the truth of the allegations, and therefore  
22 denies them.

23          34.    Billingsley denies the allegations in paragraph 34 of the Notice.

24          35.    The allegations in paragraph 35 refer to documents that speak for  
25 themselves. To the extent an answer is required, Billingsley denies knowledge or  
26 information sufficient to form a belief as to the truth of the allegations, and therefore  
27 denies them.  
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36. Billingsley denies the allegations in paragraph 36 of the Notice.

37. The allegations in paragraph 37 refer to documents that speak for themselves. To the extent an answer is required, Billingsley denies knowledge or information sufficient to form a belief as to the truth of the allegations, and therefore denies them.

38. Billingsley denies the allegations in paragraph 38 of the Notice.

39. Billingsley is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 39, and, therefore denies those allegations.

40. Billingsley is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 40, and, therefore denies those allegations.

41. Billingsley is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 41, and, therefore denies those allegations.

42. Billingsley is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 42, and, therefore denies those allegations.

43. Billingsley is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 43, and, therefore denies those allegations.

44. Billingsley is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 44, and, therefore denies those allegations.

45. Billingsley is without sufficient knowledge or information to admit or deny the allegations contained in paragraph 45, and, therefore denies those allegations.



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**VI.  
VIOLATION OF A.R.S. § 44-1991**

**(Fraud in Connection with the Offer or Sale of Securities)**

54. Billingsley denies the allegations in paragraph 54 of the Notice.

55. Billingsley denies the allegations in paragraph 55 of the Notice.

56. The allegations contained in paragraph 56 constitute argument and legal conclusions as to which no response is required; to the extent the allegations require a response, Billingsley denies the allegations in paragraph 56.

57. The allegations contained in paragraph 57 constitute argument and legal conclusions as to which no response is required; to the extent the allegations require a response, Billingsley denies the allegations in paragraph 57.

58. Billingsley denies every allegation not specifically admitted herein.

**AFFIRMATIVE DEFENSES**

The following affirmative defenses nullify any potential claims asserted by the Division. Billingsley reserves the right to amend this Answer to assert additional defenses after completion of discovery.

First Affirmative Defense

The ACC cannot meet the applicable standards for any of the relief it is seeking in the Amended Notice.

Second Affirmative Defense

The Amended Notice fails to state a claim upon which relief can be granted.

Third Affirmative Defense

Billingsley did not engage in any activity that required registration with the Arizona Corporation Commission's Securities Division.

Fourth Affirmative Defense

If the program at issue is determined to be a security, it was exempt from registration and/or sold in an exempt transaction.

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Fifth Affirmative Defense

The alleged investors suffered no injuries or damages as a result of Billingsley's alleged acts.

Sixth Affirmative Defense

The alleged investors' alleged injuries or damages were not caused or proximately caused by the acts or omissions of Billingsley.

Seventh Affirmative Defense

Neither restitution, nor an administrative penalty is an appropriate remedy.

Eight Affirmative Defense

To the extent an award of restitution is ordered, the ACC should use its discretion to reduce the amount, if any, Billingsley must pay.

Ninth Affirmative Defense

Billingsley did not violate A.R.S. §§ 44-184 1 or 44-1842.

Tenth Affirmative Defense

Billingsley did not act within the requisite scienter.

Eleventh Affirmative Defense

The Division has failed to plead fraud with reasonable particularity as required by Rule 9(b) of the Arizona Rules of Civil Procedure.

Twelfth Affirmative Defense

Billingsley did not employ a device, scheme or artifice to defraud the alleged investors.

Thirteenth Affirmative Defense

Billingsley did not make or intentionally make any untrue statements of material fact that were misleading.

Fourteenth Affirmative Defense

The alleged investors could not have reasonably relied upon any statement or action by Billingsley.

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Fifteenth Affirmative Defense

Billingsley did not engage in any transaction, practice or concourse of business that operated or would operate as a fraud or deceit upon the alleged investors.

Sixteenth Affirmative Defense

The ACC's claims are barred as either vague, ambiguous, overbroad, or a combination of the three.

Seventeenth Affirmative Defense

The ACC's claims are barred as a violation of due process.

Eighteenth Affirmative Defense

Any damages are due to the fault of others.

Nineteenth Affirmative Defense

If the instruments are determined to be securities, Billingsley did not offer or sell them within the meaning of the Securities Act of Arizona.

Twentieth Affirmative Defense

Billingsley made neither material omissions nor material misrepresentations, nor did it otherwise violate A.R.S. § 44-1991.

Twenty First Affirmative Defense

Any statements or omissions allegedly attributed to Billingsley are attributed to them are not material.

Twenty Second Affirmative Defense

Any statements or omissions allegedly attributed to Billingsley are attributed to them are not false.

Twenty Third Affirmative Defense

Billingsley had reasonable grounds to believe, and did in good faith believe, that all statements, whether written or oral, allegedly made by him and others were true, and that there were no omissions to state a material fact required to be stated therein or necessary to make these statements not misleading.

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Twenty Fourth Affirmative Defense

Billingsley alleges such other affirmative defenses set forth in the Arizona Rules of Civil Procedure 8(c) or elsewhere as may be determined to be applicable during the conduct of this litigation.

Dated this 25th day of September, 2015.

OSBORN MALEDON, P.A.

By Maureen Beyers  
Maureen Beyers  
2929 N. Central Avenue, Suite 2100  
Phoenix, Arizona 85012-2782

Attorneys for JUSTIN C. BILLINGSLEY  
and HEATHER BILLINGSLEY

ORIGINAL and thirteen copies of the foregoing filed this 25 day of September, 2015 with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

COPY of the foregoing hand-delivered this 25 day of September, 2015 to:

Matthew J. Neubert  
Director of Securities  
Securities Division  
Arizona Corporation Commission  
1300 W. Washington Street, 3rd Floor  
Phoenix, AZ 85007

Hearing Officer – Dwight Nodes  
Hearing Division  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

1 COPY of the foregoing mailed  
2 this 25 day of September, 2015 to:

3 Paul Kitchin  
4 Securities Division  
5 Arizona Corporation Commission  
6 1300 W. Washington, 3rd Floor  
7 Phoenix, AZ 85007

8 Alan Baskin  
9 Baskin & Richards PLC  
10 2901 North Central Ave, Suite 1150  
11 Phoenix AZ 85012  
12 *Attorneys for Respondents Peterson and Loan Go Corporation*

13 Frank Mead  
14 Joshua C. Black  
15 3838 N. Central Ave., Suite 100  
16 Phoenix, AZ 85012

17 Keven Fallon McCarthy  
18 McCarthy Law PLC  
19 4250 N. Drinkwater Blvd., Suite 320  
20 Scottsdale, AZ 85251  
21 *Attorneys for Respondents Ayers*

22   
23 Patricia A. Palmer  
24 6292204

25  
26  
27  
28