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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

DOUG LITTLE – Chairman
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AZ CORP COMMISSION
DOCKET CONTROL

in the matter of:

DOCKET NO. S-20953A-16-0061

ROBERT J. MOSS AND JENNIFER L. MOSS,
husband and wife,

THE FORTITUDE FOUNDATION, an Arizona
corporation,

VENTURES 7000, LLC, an Oklahoma limited
liability company,

JEFFREY D. McHATTON AND STARLA T.
McHATTON, husband and wife,

ROBERT D. SPROAT AND JANE DOE SPROAT,
husband and wife,

KEVIN KRAUSE, a single man, and

VERNON R. TWYMAN, JR., a single man,

Respondents.

Arizona Corporation Commission

DOCKETED

MAR 31 2016

DOCKETED BY

PROCEDURAL ORDER
(Schedules a Pre-Hearing Conference)

BY THE COMMISSION:

On February 23, 2016, 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 Robert J. Moss and Jennifer L. Moss, husband and wife, The Fortitude Foundation (“TFF”), an Arizona Corporation, Ventures 7000, LLC (“Ventures”), an Oklahoma limited liability company, Jeffrey D. McHatton and Starla T. McHatton, husband and wife, Robert D. Sproat and Jane Doe Sproat, husband and wife, Kevin Krause, a single man, and Vernon R. Twyman, Jr., a single man, (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 interests, stock and promissory notes. Respondent spouses, Jennifer L. Moss, Starla T.

1 McHatton and Jane Doe Sproat, were joined in the action solely for the purpose of determining the
2 liability of the irrespective marital communities pursuant to A.R.S. 44-2031(C).

3 As of the date of this Procedural Order, the following Respondents have been duly served with
4 copies of the T.O. and Notice: the Mosses; Ventures; the McHattons; TFF; and Kevin Krause.

5 On March 24, 2016, the McHatton and TFF Respondents filed a request for hearing in this
6 matter. The McHatton and TFF Respondents, with the agreement of the Division, also filed a
7 Stipulation that extends the date for the filing of their Answer to April 11, 2016.

8 Accordingly, a pre-hearing conference should be scheduled.

9 IT IS THEREFORE ORDERED a **pre-hearing conference** shall be held on **April 20, 2016, at**
10 **10:00 a.m.**, at the Commission's offices, 1200 West Washington Street, **Hearing Room No. 2,**
11 Phoenix, Arizona.

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

15 IT IS FURTHER ORDERED that all parties must comply with Rules 31, 38, 39 and 42 of the
16 Rules of the Arizona Supreme Court and A.R.S. § 40-243 with respect to the practice of law and
17 admission *pro hac vice*.

18 IT IS FURTHER ORDERED that, as permitted under A.A.C. R14-3-107(B), each party to this
19 matter may opt to receive service of all filings in this docket, including all filings by parties and all
20 Procedural Orders and Recommended Opinions and Orders/Recommended Orders issued by the
21 Commission's Hearing Division, via email sent to an email address provided by the party rather than
22 via U.S. Mail. To exercise this option, a party shall:

- 23 1. Ensure that the party has a valid and active email address to which the party has regular
24 and reliable access ("designated email address");
- 25 2. Complete a Consent to Email Service using the form available on the Commission's
26 website (www.azcc.gov) or a substantially similar format;
- 27 3. File the original and 13 copies of the Consent to Email Service with the Commission's
28 Docket Control, also providing service to each party to the service list;

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- 4. Send an email, containing the party's name and the docket number for this matter, to HearingDivisionServicebyEmail@azcc.gov from the designated email address, to allow the Hearing Division to verify the validity of the designated email address;
- 5. Understand and agree that service of a document on the party shall be complete upon the sending of an email containing the document to the designated email address, regardless of whether the party receives or reads the email containing the document; and
- 6. Understand and agree that the party will no longer receive service of filings in this matter through First Class U.S. Mail or any other form of hard-copy delivery, unless and until the party withdraws this consent through a filing made in this docket.

IT IS FURTHER ORDERED that a party's consent to email service shall not become effective until a Procedural Order is issued approving the use of email service for the party. The Procedural Order shall be issued only after the party has completed steps 1 through 4 above, and the Hearing Division has verified receipt of an email from the party's designated email address.

IT IS FURTHER ORDERED that a party's election to receive service of all filings in this matter via email does not change the requirement that all filings with the Commission's Docket Control must be made in hard copy and must include an original and 13 copies.

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

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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.

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DATED this 31st day of March, 2016.


MARC E. STERN
ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed/delivered
this 31st day of March, 2016 to:

Christopher Lonn
Michael Kitchen
MARGRAVE CELMINS, P.C
8171 East Indian Bend Rd, Suite 101
Scottsdale Arizona 85250
Attorney for Respondents Jeffrey D. McHatton and Starla T. McHatton and The Fortitude Foundation

Matt Neubert, Director
Securities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

COASH & COASH, INC.
COURT REPORTING, VIDEO & VIDEOCONFERENCING
1802 N. 7th Street,
Phoenix, AZ 85006

By: 
Amy Wilson
Secretary to Marc E. Stern