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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

DOUG LITTLE – Chairman
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

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AZ CORP COMMISSION
DOCKET CONTROL
2016 APR 4 PM 3 31

in the matter of:

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.

DOCKET NO. S-20953A-16-0061

Arizona Corporation Commission

DOCKETED

APR 04 2016

DOCKETED BY

**SECOND
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 On March 31, 2016, the Moss Respondents filed a request for a hearing and further requested
9 30 days to retain counsel and to file an Answer to the T.O. and Notice. Under the circumstances, since
10 a pre-hearing conference has previously been scheduled in approximately two and one-half weeks, it
11 appears that ample time will be available for the Moss Respondents to retain counsel and that the pre-
12 hearing conference should go forward as scheduled.

13 IT IS THEREFORE ORDERED a **pre-hearing conference** shall be held on **April 20, 2016, at**
14 **10:00 a.m.**, at the Commission's offices, 1200 West Washington Street, **Hearing Room No. 2,**
15 Phoenix, Arizona.

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

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

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

- 27 1. Ensure that the party has a valid and active email address to which the party has regular
28 and reliable access ("designated email address");

- 1 2. Complete a Consent to Email Service using the form available on the Commission's
2 website (www.azcc.gov) or a substantially similar format;
- 3 3. File the original and 13 copies of the Consent to Email Service with the Commission's
4 Docket Control, also providing service to each party to the service list;
- 5 4. Send an email, containing the party's name and the docket number for this matter, to
6 HearingDivisionServicebyEmail@azcc.gov from the designated email address, to allow
7 the Hearing Division to verify the validity of the designated email address;
- 8 5. Understand and agree that service of a document on the party shall be complete upon
9 the sending of an email containing the document to the designated email address,
10 regardless of whether the party receives or reads the email containing the document;
11 and
- 12 6. Understand and agree that the party will no longer receive service of filings in this
13 matter through First Class U.S. Mail or any other form of hard-copy delivery, unless
14 and until the party withdraws this consent through a filing made in this docket.

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

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

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

28

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
5 DATED this 4th day of April 2016.

6
7 
8 MARC E. STERN
ADMINISTRATIVE LAW JUDGE

9 Copies of the foregoing mailed/delivered
10 this 4th day of April 2016 to:

11 Christopher Lonn
12 Michael Kitchen
13 MARGRAVE CELMINS, P.C
14 8171 East Indian Bend Rd, Suite 101
15 Scottsdale Arizona 85250
16 Attorney for Respondents Jeffrey D. McHatton and Starla T. McHatton and The Fortitude Foundation

17 Matt Neubert, Director
18 Securities Division
19 ARIZONA CORPORATION COMMISSION
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21 Phoenix, Arizona 85007

22 COASH & COASH, INC.
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25 Phoenix, AZ 85006

26 By: 
27 Amy Wilson
28 Secretary to Marc E. Stern