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2016 APR 11 P 4: 31

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10 *Attorneys for Respondents Jeffrey D. McHatton
11 And Starla T. McHatton and The Fortitude
12 Foundation, an Arizona corporation*

BEFORE THE ARIZONA CORPORATION COMMISSION

13 In the matter of:

DOCKET NO. S-20953A-16-0061

14 Robert J. Moss and Jennifer L. Moss,
15 husband and wife,

**ANSWER OF JEFFREY D.
McHATTON AND STARLA T.
McHATTON TO TEMPORARY
ORDER TO CEASE AND DESIST**

16 The Fortitude Foundation, an Arizona
17 corporation,

(Assigned to Administrative Law Judge
Marc E. Stern)

18 Ventures 7000, LLC, an Oklahoma limited
19 liability company,

20 Jeffrey D. McHatton and Starla T.
21 McHatton, husband and wife,

22 Robert D. Sproat and Jane Doe Sproat,
23 husband and wife,

24 Kevin Krause, a single man, and

25 Vernon R. Twyman, Jr., a single man,

26 Respondents.

27 Respondents, Jeffrey D. McHatton and Starla T. McHatton ("McHatton"), through
28 counsel, hereby admits, denies and alleges as follows:

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Scottsdale, Arizona 85250
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1 1. In response to paragraph 1 of the Temporary Order to Cease and Desist
2 (“TOCD”), McHatton is without sufficient knowledge or information with which to form
3 a belief as to the truth of the allegations contained therein and therefore denies them.

4 2. In response to paragraph 2 of the TOCD, McHatton admits that Robert
5 Moss has been a director of The Fortitude Foundation (“TFF”). McHatton denies the
6 balance of the allegations in this paragraph.

7 3. In response to paragraph 3 of the TOCD, McHatton is without sufficient
8 knowledge or information with which to form a belief as to the truth of the allegations
9 contained therein and therefore denies them. McHatton admits that at some point Moss
10 was a director of TFF.

11 4. In response to paragraph 4 of the TOCD, McHatton is without sufficient
12 knowledge or information with which to form a belief as to the truth of the allegations
13 contained therein and therefore denies them.

14 5. In response to paragraph 5 of the TOCD, McHatton is without sufficient
15 knowledge or information with which to form a belief as to the truth of the allegations
16 contained therein and therefore denies them.

17 6. In response to paragraph 6 of the TOCD, McHatton admits the first and last
18 sentences of paragraph 6. McHatton denies the remainder of this paragraph.

19 7. In response to paragraph 7 of the TOCD, McHatton is without sufficient
20 knowledge or information with which to form a belief as to the truth of the allegations
21 contained therein and therefore denies them.

22 8. McHatton admits the first and last sentences of paragraph 8 of the TOCD,
23 but denies the balance of the remaining allegations in paragraph 8 of the TOCD.

1 9. In response to paragraph 9 of the TOCD, McHatton admits that Jeff
2 McHatton is married to Starla McHatton. McHatton denies the balance of remaining
3 allegations in this paragraph.

4 10. In response to paragraph 10 of the TOCD, McHatton admits that Robert
5 Sproat has been a director of TFF. McHatton denies the balance of the allegations in this
6 paragraph.

7 11. In response to paragraph 11 of the TOCD, McHatton is without sufficient
8 knowledge or information with which to form a belief as to the truth of the allegations
9 contained therein and therefore denies them.

10 12. McHatton denies the allegations set forth in paragraph 12 of the TOCD.

11 13. In response to paragraph 13 of the TOCD, McHatton is without sufficient
12 knowledge or information with which to form a belief as to the truth of the allegations
13 contained therein and therefore denies them.

14 14. In response to paragraph 14 of the TOCD, this is not a substantive factual
15 paragraph. To the extent a response is required, the allegations set forth in paragraph 14
16 of the TOCD are denied.

17 15. McHatton denies the allegations set forth in paragraph 15 of the TOCD.

18 16. McHatton denies the allegations set forth in paragraph 16 of the TOCD.

19 17. McHatton denies the allegations set forth in paragraph 17 of the TOCD.

20 18. McHatton denies the allegations set forth in paragraph 18 of the TOCD.

21 19. McHatton denies the allegations set forth in paragraph 19 of the TOCD.

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1 20. In response to paragraph 20 of the TOCD, McHatton is without sufficient
2 knowledge or information with which to form a belief as to the truth of the allegations
3 contained therein and therefore denies them.

4 21. In response to paragraph 21 of the TOCD, McHatton is without sufficient
5 knowledge or information with which to form a belief as to the truth of the allegations
6 contained therein and therefore denies them.

7 22. McHatton denies the allegations set forth in paragraph 22 of the TOCD.

8 23. McHatton denies the allegations set forth in paragraph 23 of the TOCD.

9 24. McHatton denies the allegations set forth in paragraph 24 of the TOCD.

10 25. McHatton denies the allegations set forth in paragraph 25 of the TOCD.

11 26. McHatton denies the allegations set forth in paragraph 26 of the TOCD.

12 27. McHatton admits the allegations set forth in paragraph 27 of the TOCD.

13 28. McHatton admits the allegations set forth in paragraph 28 of the TOCD.

14 29. In response to paragraph 29 of the TOCD, McHatton is without sufficient
15 knowledge or information with which to form a belief as to the truth of the allegations
16 contained therein and therefore denies them.

17 30. McHatton denies the allegations set forth in paragraph 30 of the TOCD.

18 31. McHatton denies the allegations set forth in paragraph 31 of the TOCD.

19 32. McHatton denies the allegations set forth in paragraph 32 of the TOCD.

20 33. In response to paragraph 33 of the TOCD, McHatton is without sufficient
21 knowledge or information with which to form a belief as to the truth of the allegations
22 contained therein and therefore denies them.

1 34. In response to paragraph 34 of the TOCD, McHatton is without sufficient
2 knowledge or information with which to form a belief as to the truth of the allegations
3 contained therein and therefore denies them.

4 35. In response to paragraph 35 of the TOCD, McHatton is without sufficient
5 knowledge or information with which to form a belief as to the truth of the allegations
6 contained therein and therefore denies them.

7 36. In response to paragraph 36 of the TOCD, McHatton is without sufficient
8 knowledge or information with which to form a belief as to the truth of the allegations
9 contained therein and therefore denies them.

10 37. In response to paragraph 37 of the TOCD, McHatton is without sufficient
11 knowledge or information with which to form a belief as to the truth of the allegations
12 contained therein and therefore denies them.

13 38. In response to paragraph 38 of the TOCD, McHatton is without sufficient
14 knowledge or information with which to form a belief as to the truth of the allegations
15 contained therein and therefore denies them.

16 39. In response to paragraph 39 of the TOCD, McHatton is without sufficient
17 knowledge or information with which to form a belief as to the truth of the allegations
18 contained therein and therefore denies them.

19 40. McHatton denies the allegations set forth in paragraph 40 of the TOCD.

20 41. McHatton denies the allegations set forth in paragraph 41 of the TOCD.

21 42. McHatton denies the allegations set forth in paragraph 42 of the TOCD.

1 43. In response to paragraph 43 of the TOCD, McHatton is without sufficient
2 knowledge or information with which to form a belief as to the truth of the allegations
3 contained therein and therefore denies them.

4 44. In response to paragraph 44 of the TOCD, McHatton is without sufficient
5 knowledge or information with which to form a belief as to the truth of the allegations
6 contained therein and therefore denies them.

7 45. In response to paragraph 45 of the TOCD, McHatton is without sufficient
8 knowledge or information with which to form a belief as to the truth of the allegations
9 contained therein and therefore denies them.

10 46. In response to paragraph 46 of the TOCD, McHatton is without sufficient
11 knowledge or information with which to form a belief as to the truth of the allegations
12 contained therein and therefore denies them.

13 47. In response to paragraph 47 of the TOCD, McHatton is without sufficient
14 knowledge or information with which to form a belief as to the truth of the allegations
15 contained therein and therefore denies them.

16 48. In response to paragraph 48 of the TOCD, McHatton is without sufficient
17 knowledge or information with which to form a belief as to the truth of the allegations
18 contained therein and therefore denies them.

19 49. McHatton admits the allegations set forth in paragraph 49 of the TOCD.

20 50. McHatton admits the allegations set forth in paragraph 50 of the TOCD.

21 51. McHatton denies the allegations set forth in paragraph 51 of the TOCD.

22 52. In response to paragraph 52 of the TOCD, McHatton admits the final
23 sentence of the paragraph and denies all preceding allegations.
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53. McHatton denies the allegations set forth in paragraph 53 of the TOCD.

54. McHatton denies the allegations set forth in paragraph 54 of the TOCD.

55. McHatton denies the allegations set forth in paragraph 55 of the TOCD.

56. McHatton denies the allegations set forth in paragraph 56 of the TOCD.

57. McHatton denies the allegations set forth in paragraph 57 of the TOCD.

58. McHatton denies the allegations set forth in paragraph 58 of the TOCD.

59. McHatton denies the allegations set forth in paragraph 59 of the TOCD.

60. McHatton denies the allegations set forth in paragraph 60 of the TOCD.

61. McHatton denies the allegations set forth in paragraph 61 of the TOCD.

62. McHatton denies the allegations set forth in paragraph 62 of the TOCD.

63. McHatton denies the allegations set forth in paragraph 63 of the TOCD.

64. McHatton denies the allegations set forth in paragraph 64 of the TOCD.

65. McHatton denies the allegations set forth in paragraph 65 of the TOCD.

66. McHatton denies the allegations set forth in paragraph 66 of the TOCD.

67. McHatton denies the allegations set forth in paragraph 67 of the TOCD.

68. McHatton denies the allegations set forth in paragraph 68 of the TOCD.

69. McHatton denies the allegations set forth in paragraph 69 of the TOCD.

70. McHatton denies the allegations set forth in paragraph 70 of the TOCD.

71. McHatton denies the allegations set forth in paragraph 71 of the TOCD.

72. In response to paragraph 72 of the TOCD, McHatton is without sufficient knowledge or information with which to form a belief as to the truth of the allegations contained therein and therefore denies them.

1 73. In response to paragraph 73 of the TOCD, McHatton is without sufficient
2 knowledge or information with which to form a belief as to the truth of the allegations
3 contained therein and therefore denies them.

4 74. In response to paragraph 74 of the TOCD, McHatton is without sufficient
5 knowledge or information with which to form a belief as to the truth of the allegations
6 contained therein and therefore denies them.

8 75. McHatton denies the allegations set forth in paragraph 75 of the TOCD.

9 76. McHatton denies the allegations set forth in paragraph 76 of the TOCD.

10 77. McHatton denies the allegations set forth in paragraph 77 of the TOCD.

11 78. McHatton denies the allegations set forth in paragraph 78 of the TOCD.

12 79. In response to paragraph 79 of the TOCD, McHatton is without sufficient
13 knowledge or information with which to form a belief as to the truth of the allegations
14 contained therein and therefore denies them.

15 80. In response to paragraph 80 of the TOCD, McHatton is without sufficient
16 knowledge or information with which to form a belief as to the truth of the allegations
17 contained therein and therefore denies them.

18 81. In response to paragraph 81 of the TOCD, McHatton is without sufficient
19 knowledge or information with which to form a belief as to the truth of the allegations
20 contained therein and therefore denies them.

21 82. In response to paragraph 82 of the TOCD, McHatton is without sufficient
22 knowledge or information with which to form a belief as to the truth of the allegations
23 contained therein and therefore denies them.

24 83. In response to paragraph 83 of the TOCD, McHatton is without sufficient
25 knowledge or information with which to form a belief as to the truth of the allegations
26 contained therein and therefore denies them.

27 84. In response to paragraph 84 of the TOCD, McHatton is without sufficient
28 knowledge or information with which to form a belief as to the truth of the allegations
contained therein and therefore denies them.

1 83. In response to paragraph 83 of the TOCD, McHatton is without sufficient
2 knowledge or information with which to form a belief as to the truth of the allegations
3 contained therein and therefore denies them.

4 84. In response to paragraph 84 of the TOCD, McHatton is without sufficient
5 knowledge or information with which to form a belief as to the truth of the allegations
6 contained therein and therefore denies them.

7 85. In response to paragraph 85 of the TOCD, McHatton is without sufficient
8 knowledge or information with which to form a belief as to the truth of the allegations
9 contained therein and therefore denies them.

10 86. In response to paragraph 86 of the TOCD, McHatton is without sufficient
11 knowledge or information with which to form a belief as to the truth of the allegations
12 contained therein and therefore denies them.

13 87. In response to paragraph 87 of the TOCD, McHatton is without sufficient
14 knowledge or information with which to form a belief as to the truth of the allegations
15 contained therein and therefore denies them.

16 88. In response to paragraph 88 of the TOCD, McHatton is without sufficient
17 knowledge or information with which to form a belief as to the truth of the allegations
18 contained therein and therefore denies them.

19 89. In response to paragraph 89 of the TOCD, McHatton is without sufficient
20 knowledge or information with which to form a belief as to the truth of the allegations
21 contained therein and therefore denies them.

22 89. In response to paragraph 89 of the TOCD, McHatton is without sufficient
23 knowledge or information with which to form a belief as to the truth of the allegations
24 contained therein and therefore denies them.
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1 90. In response to paragraph 90 of the TOCD, McHatton is without sufficient
2 knowledge or information with which to form a belief as to the truth of the allegations
3 contained therein and therefore denies them.

4 91. In response to paragraph 91 of the TOCD, McHatton is without sufficient
5 knowledge or information with which to form a belief as to the truth of the allegations
6 contained therein and therefore denies them.

7 92. In response to paragraph 92 of the TOCD, McHatton is without sufficient
8 knowledge or information with which to form a belief as to the truth of the allegations
9 contained therein and therefore denies them.

10 93. In response to paragraph 93 of the TOCD, McHatton is without sufficient
11 knowledge or information with which to form a belief as to the truth of the allegations
12 contained therein and therefore denies them.

13 94. McHatton denies the allegations set forth in paragraph 94 of the TOCD.

14 95. McHatton denies the allegations set forth in paragraph 95 of the TOCD.

15 96. McHatton denies the allegations set forth in paragraph 96 of the TOCD.

16 97. McHatton denies the allegations set forth in paragraph 97 of the TOCD.

17 98. McHatton denies the allegations set forth in paragraph 98 of the TOCD.

18 99. In response to paragraph 99 of the TOCD, McHatton is without sufficient
19 knowledge or information with which to form a belief as to the truth of the allegations
20 contained therein and therefore denies them.

21 100. In response to paragraph 100 of the TOCD, McHatton is without sufficient
22 knowledge or information with which to form a belief as to the truth of the allegations
23 contained therein and therefore denies them.

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101. McHatton denies the allegations set forth in paragraph 101 of the TOCD.

102. McHatton denies the allegations set forth in paragraph 102 of the TOCD.

103. McHatton denies the allegations set forth in paragraph 103 of the TOCD.

104. McHatton denies the allegations set forth in paragraph 104 of the TOCD.

105. In response to paragraph 105 of the TOCD, McHatton is without sufficient knowledge or information with which to form a belief as to the truth of the allegations contained therein and therefore denies them.

106. In response to paragraph 106 of the TOCD, McHatton is without sufficient knowledge or information with which to form a belief as to the truth of the allegations contained therein and therefore denies them.

107. In response to paragraph 107 of the TOCD, McHatton is without sufficient knowledge or information with which to form a belief as to the truth of the allegations contained therein and therefore denies them.

108. In response to paragraph 108 of the TOCD, McHatton is without sufficient knowledge or information with which to form a belief as to the truth of the allegations contained therein and therefore denies them.

109. In response to paragraph 109 of the TOCD, McHatton is without sufficient knowledge or information with which to form a belief as to the truth of the allegations contained therein and therefore denies them.

110. In response to paragraph 110 of the TOCD, McHatton is without sufficient knowledge or information with which to form a belief as to the truth of the allegations contained therein and therefore denies them.

1 111. In response to paragraph 111 of the TOCD, McHatton is without sufficient
2 knowledge or information with which to form a belief as to the truth of the allegations
3 contained therein and therefore denies them.

4 112. In response to paragraph 112 of the TOCD, McHatton is without sufficient
5 knowledge or information with which to form a belief as to the truth of the allegations
6 contained therein and therefore denies them.

7 113. In response to paragraph 113 of the TOCD, McHatton is without sufficient
8 knowledge or information with which to form a belief as to the truth of the allegations
9 contained therein and therefore denies them.
10

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12 **(NOTE: In the TOCD, the numbering at heading**

13 **“VIOLATION OF A.R.S. §44-1841” reverts to paragraph 110)**

14 110. McHatton denies the allegations set forth in paragraph 110 of the TOCD.

15 111. McHatton denies the allegations set forth in paragraph 111 of the TOCD.

16 112. McHatton denies the allegations set forth in paragraph 112 of the TOCD.

17 113. McHatton denies the allegations set forth in paragraph 113 of the TOCD.

18 114. McHatton denies the allegations set forth in paragraph 114 of the TOCD.

19 115. McHatton denies the allegations set forth in paragraph 115 of the TOCD.

20 116. McHatton denies the allegations set forth in paragraph 116 of the TOCD.

21 117. McHatton denies the allegations set forth in paragraph 117 of the TOCD.

22 118. McHatton denies the allegations set forth in paragraph 118 of the TOCD.

23 119. McHatton denies the allegations set forth in paragraph 119 of the TOCD.

24 120. McHatton denies the allegations set forth in paragraph 120 of the TOCD.

25 121. McHatton denies the allegations set forth in paragraph 121 of the TOCD.
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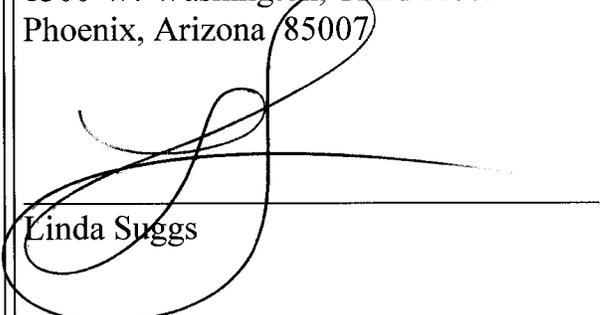
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1 **ORIGINAL** and **13 COPIES** of the
2 Foregoing hand-delivered this 11th day
3 Of April, 2016 to:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington
6 Phoenix, Arizona 85007

6 **COPY** of the foregoing mailed this
7 11th day of April, 2016 to:

8 James Burgess
9 Senior Enforcement Attorney
10 Securities Division, Arizona Corporation
11 Commission
12 1300 W. Washington, Third Floor
13 Phoenix, Arizona 85007

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15 Linda Suggs
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