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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission
DOCKETED

AUG 22 2016

DOCKETED BY [Signature]

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IN THE MATTER OF:

DOCKET NO. S-20932A-15-0220

LOANGO 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.

**THIRTEENTH
PROCEDURAL ORDER
(Continues Hearing)**

BY THE COMMISSION:

On June 30, 2015, the Securities Division (“Division”) of the Arizona Corporation Commission (“Commission”) filed a Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, for Restitution, for Administrative Penalties, and for Other Affirmative Action (“Notice”) against LoanGo Corporation, Justin C. Billingsley and Heather Billingsley, husband and wife (the “Billingsleys”), Jeffrey Scott Peterson, and John Keith Ayers and Jennifer Ann Brinkman-Ayers, husband and wife (the “Ayerses”) (collectively “Respondents”), in which the Division alleged violations of the Arizona Securities Act (“Act”) in connection with the offer and sale of securities in the form of stock.

The spouse of Justin C. Billingsley, Heather Billingsley (“Billingsley Spouse”) and the spouse of John Keith Ayers, Jennifer Ann Brinkman-Ayers (“Ayers Spouse”) (collectively “Respondent Spouses”) are joined in the action pursuant to A.R.S. § 44-2031(C) solely for the purpose of determining the liability of the respective marital communities.

The Respondents were duly served with copies of the Notice.

1 On July 13, 2015, Respondents LoanGo Corporation and Jeffrey Scott Peterson filed a Request
2 for Hearing pursuant to Arizona Administrative Code ("A.A.C.") R14-4-306.

3 On July 15, 2015, Respondents the Ayerses filed a Request for Hearing.

4 On July 17, 2015, by Procedural Order, a pre-hearing conference was scheduled to commence
5 on July 30, 2015.

6 On July 22, 2015, Frank R. Mead and Joshua C. Black filed a Notice of Appearance on behalf
7 of the Billingsleys.

8 On that same date, Respondent Justin Billingsley filed a Request for Hearing.

9 On July 23, 2015, by Procedural Order, the pre-hearing conference scheduled for July 30, 2015,
10 was affirmed.

11 On July 30, 2015, the pre-hearing conference was held as scheduled. The Division and
12 Respondents appeared through counsel. The parties requested the scheduling of a hearing and agreed
13 to the date of February 4, 2016.

14 On July 30, 2015, by Procedural Order, a hearing was scheduled for February 4, 2016.

15 On July 31, 2015, a Consent to Email Service was filed by Kevin Fallon McCarthy on behalf
16 of the Ayerses.

17 On that same date, the Ayerses filed their Answer.

18 On August 3, 2015, Respondents LoanGo Corporation and Jeffrey Scott Peterson filed their
19 Answer to Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, Order
20 for Restitution, Order for Administrative Penalties, and Order for Other Affirmative Action.

21 On August 3, 2015, Respondents Billingsley filed their Amended Request for Hearing.

22 On August 25, 2015, Respondents LoanGo Corporation and Jeffrey Scott Peterson filed another
23 Answer to Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, Order
24 for Restitution, Order for Administrative Penalties, and Order for Other Affirmative Action.

25 On September 25, 2015, a Motion for Substitution of Counsel for Justin C. Billingsley and
26 Heather Billingsley was filed.

27 On that same date, the Billingsleys filed their Answer to Notice of Opportunity for Hearing
28 Regarding Proposed Order to Cease and Desist, Order for Restitution, Order for Administrative

1 Penalties and Order for Other Affirmative Action.

2 On October 14, 2015, by Procedural Order, the Motion for Substitution of Counsel was granted
3 and Maureen Beyers of Osborn Maledon, P.A. was substituted as counsel for the Billingsleys.

4 On October 30, 2015, the Billingsleys filed an Unopposed Motion to Continue Administrative
5 Hearing requesting a continuance based upon counsel's upcoming jury trial which conflicted with the
6 scheduled dates of the hearing. Counsel for the Billingsleys averred to speaking with counsel for the
7 other parties and stated that no party objected to the requested continuance.

8 On November 3, 2015, by Procedural Order, the Unopposed Motion to Continue Administrative
9 Hearing was granted.

10 On December 11, 2015, by Procedural Order, the Ayerses' Consent to Email Service was
11 approved.

12 On January 27, 2016, Eric J. Jeide and Ashley C. Grimes filed a Notice of Appearance and
13 Substitution of Counsel. Mr. Jeide and Ms. Grimes asserted they are substituting for Alan S. Baskin
14 and the law firm of Baskin Richards PLC as counsel of record for Respondents LoanGo Corporation
15 and Jeffrey Scott Peterson.

16 On February 16, 2016, Maureen Beyers filed a Motion to Withdraw as Counsel for the
17 Billingsleys, pursuant to A.A.C. R-14-3-104(E) and Rule 5.1(a)(2)(B) of the Arizona Rules of Civil
18 Procedure. Citing ER 1.16(b)(5) of the Arizona Rules of Professional Conduct, Ms. Beyers contended
19 that good cause existed for the permissive withdrawal of her representation of the Billingsleys, arising
20 from the Billingsleys' failure to fulfill an obligation to counsel. Ms. Beyers asserted that the
21 Billingsleys had been notified in writing of the status of the case and that they had been advised of the
22 pending deadlines in this matter. Ms. Beyers provided the Commission with the last known mailing
23 address and telephone number of the Billingsleys.

24 On February 18, 2016, the Division filed its Response to Motion to Withdraw as Counsel. The
25 Division stated that it had no objection to the motion provided that the withdrawal of counsel would
26 not affect the scheduling of the hearing.

27 On February 19, 2016, Maureen Beyers, on behalf of the Billingsleys, filed an Unopposed
28 Motion to Extend Deadline for Respondents Billingsley to Exchange Witness and Exhibit Lists.

1 Specifically, Ms. Beyers requested on behalf of the Billingsleys that they be granted an extension until
2 February 29, 2016, “[t]o avoid any prejudice to Respondents Billingsley pending an order on the
3 Motion to Withdraw.” Ms. Beyers stated that she conferred with counsel for the Division and asserted
4 that the Division does not object to this request.

5 On February 19, 2016, by Procedural Order, Ms. Beyers’ motion to withdraw as counsel for the
6 Billingsleys was granted.

7 Also on February 19, 2016, Respondents LoanGo and Jeffrey Scott Peterson filed a Witness
8 and Exhibit List. Respondents LoanGo and Jeffrey Scott Peterson requested additional time to examine
9 documents from other parties before filing copies of their exhibits, which would total over 1,300 pages
10 if filed, with thirteen copies, to docket control.

11 On February 22, 2016, by Procedural Order, the Unopposed Motion to Extend Deadlines for
12 Respondents Billingsley to Exchange Witness and Exhibit Lists was granted and the Billingsleys
13 received an extension to February 29, 2016.

14 On February 29, 2016, Eric J. Jeide filed a Notice of Appearance on behalf of Respondents
15 Justin C. Billingsley and Heather Billingsley. The Billingsleys, Jeffrey Peterson and LoanGo requested
16 “to be represented by counsel as a class since they appear to have ‘substantially like interests and
17 positions’” under A.A.C. R14-3-104(C).

18 On March 4, 2016, Respondents Justin C. Billingsley and Heather Billingsley, Jeffrey Peterson
19 and LoanGo filed a Motion to Continue April 4, 2016 Hearing. The reason for the requested
20 continuance was that counsel recently entered his appearance for the Billingsleys and he required
21 further time to prepare based upon his new representation of these additional Respondents. Counsel
22 for the Billingsleys, Jeffrey Peterson and LoanGo asserted he spoke with counsel for the Division and
23 that the Division did not object to a continuance to August 2016.

24 On March 7, 2016, by Procedural Order, a telephonic procedural conference was scheduled for
25 March 16, 2016.

26 On March 8, 2016, a Consent to Email Service was filed by Eric Jeide on behalf of Justin C.
27 Billingsley and Heather Billingsley, Jeffrey Peterson and LoanGo. Justin C. Billingsley and Heather
28 Billingsley, Jeffrey Peterson and LoanGo, through counsel, have opted to receive service of all filings

1 in this docket, including all filings by parties and all Procedural Orders and Recommended Opinions
2 and Orders/Recommended Orders issued by the Commission's Hearing Division, via a designated
3 email address rather than via U.S. Mail. Justin C. Billingsley and Heather Billingsley, Jeffrey Peterson
4 and LoanGo have exercised this option, pursuant to the Procedural Order issued on July 17, 2015, by
5 docketing a hard copy of their Consent to Email Service and by sending an email, containing their
6 names and the docket number for this matter, to HearingDivisionServicebyEmail@azcc.gov from their
7 designated email address. The Hearing Division has verified the validity of the designated email
8 address, which now appears on the service list for this matter in addition to the U.S. Mail addresses for
9 Justin C. Billingsley and Heather Billingsley, Jeffrey Peterson and LoanGo.

10 On March 16, 2016, the telephonic procedural conference was held as scheduled. The Division
11 and Respondents appeared through counsel. Discussion was held regarding new hearing dates and the
12 request for class status by Respondents Justin C. Billingsley and Heather Billingsley, Jeffrey Peterson
13 and LoanGo. A continuance of the hearing was granted. The request for class status was denied.

14 Also on that date, by Procedural Order, the hearing was rescheduled to commence on September
15 12, 2016, and e-mail service was approved for the Billingsleys, Mr. Peterson, and LoanGo.

16 On April 14, 2016, Ashley Grimes and Grimes Law, PLLC filed a Motion to Withdraw as
17 Counsel for Respondents LoanGo and Jeffrey Peterson, pursuant to A.A.C. R-14-3-104(E) and Rule
18 5.1(a)(2)(A) of the Arizona Rules of Civil Procedure.

19 On April 18, 2016, the Division filed its Response to Motion to Withdraw as Counsel, stating
20 no objection.

21 On April 19, 2016, by Procedural Order, the Motion to Withdraw as Counsel filed by attorney
22 Ashley Grimes was granted, good cause having been established for Ms. Grimes' withdrawal as
23 counsel for LoanGo and Jeffrey Peterson.

24 On August 5, 2016, the Division filed a Consent to Email Service.

25 On August 9, 2016, by Procedural Order, the Division's Consent to Email Service was granted.

26 On August 18, 2016, the Ayerses filed a Motion to Continue Administrative Hearing currently
27 scheduled for September 12-16 and 19, 2016, to commence September 26, 2016. The Ayerses stated
28 that due to counsel's error, the Ayerses have scheduled an out of country visit for September 14-20,

1 2016 and undersigned counsel will be on business in California.

2 On August 19, 2016, the Division filed its Response to Motion to Continue Administrative
3 Hearing. The Division stated that the Ayerses have not established good cause for the requested
4 continuance and therefore the Motion to Continue Administrative Hearing should be denied.

5 On August 22, 2016, the Ayerses filed a Reply to the Division's Response to the Motion to
6 Continue Administrative Hearing. The Ayerses claim that counsel will out of town for the entirety of
7 the currently scheduled hearing dates and that the Ayerses would be prejudiced if the hearing is not
8 continued.

9 IT IS THEREFORE ORDERED that **Respondent Ayerses' Motion to Continue**
10 **Administrative Hearing is granted and the hearing scheduled to commence September 12-16 and**
11 **19, 2016, is hereby continued to September 26, 2016, at 10:00 a.m.,** at the Commission's offices,
12 1200 West Washington Street, Hearing Room No. 2, Phoenix, Arizona. **Additional hearing days**
13 **shall be held on September 27-30, 2016, and October 3, 2016, as necessary.**

14 IT IS FURTHER ORDERED that **if the parties reach a resolution of the issues raised in the**
15 **Notice prior to the hearing, the Division shall file a Motion to Vacate the Proceeding.**

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 Arizona Supreme Court Rules
20 31, 38, 39, and 42, and A.R.S. § 40-243 with respect to the practice of law and admission *pro hac vice*.

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

27

28

1 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend, or
2 waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
3 hearing.

4 DATED this 22nd day of August, 2016.

5
6 *Mark Preny*

7 MARK PRENY
ADMINISTRATIVE LAW JUDGE

8 On this 22nd day of August, 2016, the foregoing document was filed with Docket Control as a
9 Procedural Order – To Continue Hearing, and copies of the foregoing were mailed on behalf of the
10 Hearing Division to the following who have not consented to email service. On this date or as soon as
possible thereafter, the Commission’s eDocket program will automatically email a link to the foregoing
to the following who have consented to email service

11 Eric J. Jeide
12 JEIDE LAW, PLLC
13 5115 N. Dysart Rd., Ste. 202-213
14 Litchfield Park, AZ 85340
15 Attorney for Justin C. Billingsley, Heather
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Consented to Service by Email

16 Kevin Fallon McCarthy
17 MCCARTHY LAW PLC
18 4250 North Drinkwater Blvd., Suite 320
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20 Attorney for John Keith Ayers
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21 By: 

22 Amy Wilson
Assistant to Mark Preny