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BEFORE THE ARIZONA CORPORATION COMMISSION

2 COMMISSIONERS

3 DOUG LITTLE – Chairman  
4 BOB STUMP  
4 BOB BURNS  
5 TOM FORESE  
5 ANDY TOBIN

Arizona Corporation Commission

DOCKETED

AUG 22 2016

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7 IN THE MATTER OF:

DOCKET NO. S-20948A-15-0422

8 SHADOW BEVERAGES AND SNACKS, LLC, an  
Arizona Limited Liability company,

9 LUCIO GEORGE MARTINEZ and LISA K.  
10 MARTINEZ, husband and wife,

11 SAMUEL A. JONES, a married man

12 Respondents.

**FIFTH**  
**PROCEDURAL ORDER**  
**(Grants Extension to File Brief)**

13 **BY THE COMMISSION:**

14 On December 30, 2015, the Securities Division (“Division”) of the Arizona Corporation  
15 Commission (“Commission”) filed a Notice of Opportunity for Hearing Regarding Proposed Order to  
16 Cease and Desist, for Restitution, for Administrative Penalties, and for Other Affirmative Action  
17 (“Notice”) against Shadow Beverages and Snacks, LLC (“Shadow Beverages”), Lucio George  
18 Martinez and Lisa K. Martinez, husband and wife (the “Martinezes”), and Samuel A. Jones  
19 (collectively “Respondents”) in which the Division alleged violations of the Arizona Securities Act  
20 (“Act”) in connection with the offer and sale of securities in the form of promissory notes and/or  
21 investment contracts.

22 The spouse of Lucio George Martinez, Lisa K. Martinez (“Respondent Spouse”), is joined in  
23 the action pursuant to A.R.S. § 44-2031(C) solely for the purpose of determining the liability of the  
24 marital community.

25 The Respondents were duly served with a copy of the Notice.

26 On January 20, 2016, Respondent Samuel A. Jones filed a Request for Hearing pursuant to  
27 A.A.C. R14-4-306.

28 On February 1, 2016, by Procedural Order, a pre-hearing conference was scheduled to

1 commence on February 23, 2016.

2 On February 4, 2016, Respondent Samuel A. Jones filed an Answer to the Notice.

3 On February 8, 2016, Respondent George Martinez filed a "Response to Docket No – S-  
4 20948A-15-0422" ("Response"). The Response made factual assertions and argued against the  
5 applicability of the statutory violations alleged by the Division.

6 On February 9, 2016, by Procedural Order, the pre-hearing conference was affirmed. Mr.  
7 Martinez's Response was considered a request for hearing and answer to the Notice, and he was  
8 provided notice of the upcoming pre-hearing conference.

9 On February 23, 2016, the pre-hearing conference was held as scheduled. The Division  
10 appeared through counsel, as did Mr. Jones. Mr. Martinez appeared on his own behalf and stated that  
11 he was in the process of obtaining counsel. The scheduling of a hearing date was discussed. Mr.  
12 Martinez was informed that because he is not an attorney, he cannot represent Respondent Spouse. The  
13 Division stated that it interpreted Mr. Martinez's Response to also include a request for hearing by  
14 Respondent Spouse.

15 On February 23, 2016, by Procedural Order, a hearing was scheduled to commence on June 6,  
16 2016, at 10:00 a.m.

17 On April 19, 2016, the Securities Division filed a Proposed Consent Order in regards to  
18 Respondent Samuel A. Jones.

19 On May 13, 2016, the Commission issued Decision No. 75552, Order to Cease and Desist,  
20 Order for Restitution, and Order for Administrative Penalties and Consent to Same by: Samuel A.  
21 Jones.

22 On June 3, 2016, Respondent George Martinez filed a document titled "Critical Information  
23 and Plea to Docket No. S-20948A-15-0422." In the document, Mr. Martinez provided information and  
24 argument in support of his request that Mrs. Martinez "be dismissed from this hearing" and that he be  
25 held not responsible "for acting solely on the behalf of and for the benefit of Shadow Beverages with  
26 no personal gain for myself over the past 5 years."

27 On June 6, 2016, a full public hearing was commenced before a duly authorized Administrative  
28 Law Judge of the Commission at its offices in Phoenix, Arizona. The Division was represented by

1 counsel and the Martinezes appeared on their own behalf. An additional day of hearing was held on  
2 June 7, 2016. At the conclusion of the hearing, the matter was taken under advisement and a schedule  
3 for the filing of post-hearing briefs was established.

4 On July 20, 2016, the Division filed its Post-Hearing Brief.

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

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

7 On August 18, 2016, Respondents George Martinez and Lisa K. Martinez filed a Request for  
8 an Extension of Time, from August 19, 2016 until September 15, 2016, to file their Reply to the  
9 Securities Division's Post-Hearing Brief. Respondents state that the Martinez family has been dealing  
10 with the diagnosis of a brother with cancer who has been through chemo-therapy, radiation and surgery.  
11 Respondents also state that Mr. Martinez has been attempting to find employment which has required  
12 travel time and meetings in the past 60 days.

13 On August 19, 2016, the Division filed a Response to the Request for Extension of Time, stating  
14 that the Division has no objection to the requested extension.

15 **IT IS THEREFORE ORDERED that the Respondents' request for an extension of time to**  
16 **file a Reply to the Division's Initial Closing Brief is granted, and the Respondents' Brief deadline**  
17 **is hereby extended to September 15, 2016.**

18 **IT IS FURTHER ORDERED that the current deadline of September 5, 2016 for the**  
19 **Division's Reply Brief is hereby extended accordingly, to October 3, 2016.**

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

23 **IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules**  
24 **31, 38, 39, and 42, and A.R.S. § 40-243 with respect to the practice of law and admission *pro hac vice*.**

25 **IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance**  
26 **with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Arizona**  
27 **Supreme Court Rule 42). Representation before the Commission includes appearances at all hearings**  
28 **and procedural conferences, as well as all Open Meetings for which the matter is scheduled for**

1 discussion, unless counsel has previously been granted permission to withdraw by the Administrative  
2 Law Judge or the Commission.

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

6 DATED this 22<sup>nd</sup> day of August, 2016.

7  
8   
9 MARK PRENY  
ADMINISTRATIVE LAW JUDGE

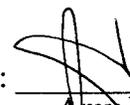
10 On this 22<sup>nd</sup> day of August, 2016, the foregoing document was filed with Docket Control as a  
11 Procedural Order – Grants an Extension of Time, and copies of the foregoing were mailed on behalf of  
12 the Hearing Division to the following who have not consented to email service. On this 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

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23 **Consented to Service by Email**

24  
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