BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

In the matter of: **VICTOR MONROE STOCKBRIDGE [CRD # 1233627], and G. IRENE STOCKBRIDGE** [Husband and Wife] 61 Rufous Lane Sedona, Arizona 86336-7117 Respondents.	DOCKET NO. S-03465A-02-0000 **NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER TO CEASE AND DESIST, ORDER FOR RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES, ORDER OF REVOCATION, AND FOR OTHER AFFIRMATIVE ACTION**

NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondent Victor Monroe Stockbridge ("STOCKBRIDGE") has engaged in acts, practices and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* (the "Securities Act").

I.

JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution, and the Securities Act.

II.

RESPONDENTS

2. STOCKBRIDGE (CRD #1233627) has been a registered securities salesman in Arizona since April 25, 1990. Initially, STOCKBRIDGE was associated with SunAmerica Securities, Inc. ("SunAmerica"), or a SunAmerica affiliate, until on or about November 8, 1995.

STOCKBRIDGE was briefly associated with a different firm, Securities America, Inc., from November 16, 1995 to July 5, 1996. On July 16, 1996, STOCKBRIDGE returned to association with SunAmerica. SunAmerica discharged STOCKBRIDGE on March 12, 2002, for violating firm policies and procedures. Specifically, SunAmerica stated in the Uniform Termination Notice on Form U-5, that STOCKBRIDGE had been named as the beneficiary on a customer's annuity account.

3. STOCKBRIDGE's registration as a securities salesman in Arizona was automatically suspended on the date he ceased to be associated with a registered dealer, pursuant to A.R.S. § 44-1949. His registration remains suspended today. His last known address is 61 Rufous Lane, Sedona, Arizona 86336-7117.

4. STOCKBRIDGE holds an Arizona license to transact insurance business.

5. G. Irene Stockbridge is, and at all relevant times was, the spouse of STOCKBRIDGE. G. Irene Stockbridge is joined in this action for purposes of determining and enforcing the liability of the marital community, pursuant to A.R.S. § 44-2031(C). The Division is informed and believes that her address is the same as that of STOCKBRIDGE.

6. At all times relevant, STOCKBRIDGE was acting for his own benefit, and for the benefit of, or in furtherance of, the marital community of himself and G. Irene Stockbridge.

III.

FACTS

<u>SUMMARY</u>

7. In 1989, STOCKBRIDGE and his wife moved to Sedona from California. Not long thereafter, they became acquainted with a woman, who will be called "Customer" in this Notice. STOCKBRIDGE, his wife, and Customer attended the same church in the early 1990's, and the three became friends. Customer is a single woman born in 1923, who lived alone during the period relevant to this Notice, and for virtually her entire adult life.

8. In or about November, 1999, STOCKBRIDGE learned that Customer was about to receive distribution of approximately $6.5 million in securities, as an inheritance. Between in or about November 1999 and August 2000, STOCKBRIDGE presented for signature, and Customer apparently signed, paperwork to give away over half of her inheritance, and then to liquidate all $6.5 million worth of securities and re-invest the net proceeds in variable annuity contracts.

9. At the time of these transactions, Customer trusted STOCKBRIDGE to manage her financial affairs, or was no longer able to understand or manage them herself, and STOCKBRIDGE controlled the disposition of her assets for his own benefit.

10. The liquidation of Customer's entire $6.5 million inheritance, and re-investment of net proceeds in several variable annuity contracts, generated approximately $460,000 in commissions in 2000. STOCKBRIDGE personally received over $300,000 of this figure. In contrast, STOCKBRIDGE received approximately $130,000 in commissions in 1999, and less than $50,000 in 2001, the years immediately preceding and following his involvement with his Customer's $6.5 million inheritance.

11. Approximately $3.6 million of Customer's assets have been transferred, as a purported "donation," to American Foundation for Charitable Support, Inc., or one of its affiliates ("AFCS"). AFCS or a successor will retain the principal in perpetuity. These assets are no longer available for distribution upon Customer's death through her *inter vivos* trust, according to Customer's own wishes and desires. Further, these assets are no longer available to Customer during her lifetime, for any other use she or the holder of her power-of-attorney might have wished.

12. In addition to his fraudulent conduct pertaining to Customer's inheritance, in January 2000, STOCKBRIDGE named himself the beneficiary of an annuity contract that belonged to Customer. The contract would have paid over $600,000 to STOCKBRIDGE, in the event of Customer's death. STOCKBRIDGE reversed the beneficiary designation in August 2001, only after he knew that the Securities Division had commenced an investigation of his conduct with regard to Customer.

FACTS IN DETAIL

13. During the entire period that STOCKBRIDGE was registered as a securities salesman in Arizona, he worked in the office of Smith Financial Services, Inc., at 2030 W. Hwy. 89A, Sedona, Arizona 86336 ("Smith Financial"). Smith Financial is an Arizona corporation owned by Laverne W. Smith. Its mailing address is P.O. Box UU, Sedona, Arizona 86339. At all relevant times, the office of Smith Financial has been a branch of SunAmerica, with Laverne Smith as the branch supervisor. In addition, Smith Financial has been at all relevant times an Arizona-licensed investment adviser. Since at least 1999, Smith Financial has been a small office of between two and four registered or licensed individuals, including Laverne Smith and STOCKBRIDGE.

14. During the period relevant to this Notice, until at least July 2001, the revenues of Smith Financial were derived from the following activities: (A) about 95% of revenues were commissions on selling mutual funds and insurance products (including variable products), (B) about 2% of revenues were fees for investment advisory services, and (C) about 3% of revenues were commissions on trades in stocks and bonds. The relatively few stock and bond trades were unsolicited liquidations.

15. STOCKBRIDGE was approximately 60 years old when he first became a registered securities salesman in 1990. At all relevant times, his business as a salesman was limited to selling variable annuities and mutual funds.

16. In the early 1990's, Customer opened her first brokerage account, with STOCKBRIDGE the responsible registered salesman on the account.

17. Until the end of 1999, Customer had a regular income, which was paid to her as a beneficiary of two testamentary trusts. The assets of the two testamentary trusts were managed for many years by PNC Bank, National Association, and/or PNC Bank, Delaware, under the service mark PNC Advisors ("PNC Advisors"). Customer was to receive a share of the income generated by the trusts' corpus, until the death of a certain person, and then the corpus was to be distributed

to Customer and other remainder beneficiaries. The income Customer received from the two testamentary trusts generally ranged between about $50,000 and $75,000 per year, during the 1990's. This income was paid into Customer's bank account electronically, for many years.

18. Customer has long-standing relationships with a CPA firm, which provides tax advice and prepares tax returns for Customer, and with an attorney, who advises and assists Customer with estate planning and related issues.

19. When Customer retained her attorney, in or about 1994, Customer had in view the expectation that she might receive a large distribution of assets from the two testamentary trusts, during her lifetime. On or about May 21, 1996, Customer created a revocable, *inter vivos* trust, naming herself as trustee (the "Customer Trust"). The work of drafting the trust required approximately two years, primarily because Customer had difficulty making decisions. The Customer Trust includes an attached beneficiary designation, which provides for distribution of trust assets following Customer's death, on a "percentage of assets" basis. The Customer Trust was expected to function as Customer's primary estate distribution device. A number of assets, including annuity contracts and limited partnership shares, were transferred from Customer's individual name, to the name and account of Customer as Trustee of the Customer Trust.

20. Between 1990 and 1999, the relationship between Customer and STOCKBRIDGE developed into one in which Customer placed a high degree of trust and confidence in STOCKBRIDGE. For instance, Customer did not keep up with timely paying of her bills; therefore, STOCKBRIDGE helped her with paperwork, and wrote checks for her to sign, to pay her bills.

21. In or about 1998-1999, Customer's physical and mental health deteriorated noticeably. She became increasingly depressed and reclusive. Customer showed memory losses, and in 1999 she lost significant weight. Customer stopped attending church, although previously she had attended regularly. As she virtually ceased going out of her house, Customer increasingly trusted and depended upon STOCKBRIDGE to manage her financial affairs. By at least the last

quarter of 1999, Customer was unable to understand, or to manage, her financial affairs, and STOCKBRIDGE had *de facto* control, or discretion, over Customer's annuity contracts and her accounts at SunAmerica.

22. In or about November 1999 Customer received a written notice from PNC Advisors that the distribution of corpus of the two testamentary trusts would occur in the near future. The notice included an attached list of the testamentary trusts' assets. Customer's share of the expected distribution from the two testamentary trusts, was worth approximately $6.5 million, and included substantial unrealized capital gains. STOCKBRIDGE obtained from Customer's sister, a copy of the notice from PNC Advisors, and its attachment.

23. Customer contacted her attorney for assistance in planning related to this lump-sum inheritance. Customer and her attorney discussed the matter on several occasions. On the advice of her attorney, Customer gave her sister a durable power of attorney to act for Customer in financial matters (among other things).

24. STOCKBRIDGE did not consult with Customer's sister, or Customer's attorney or accountant, concerning management or disposition of Customer's $6.5 million inheritance. Instead, STOCKBRIDGE accomplished transactions between November 1999 and August 2000, substantially as follows:

a) In or about December 1999, Customer apparently signed an instruction to PNC Advisors, to distribute Customer's entire $6.5 million inheritance in kind, and to transfer the assets to SunAmerica for the account of the Customer Trust.

b) Customer apparently signed an application to enter into an arrangement with American Foundation for Charitable Support, Inc. ("AFCS"). As part of the arrangement, AFCS and STOCKBRIDGE established an account at SunAmerica, titled in the name "AFCS – The [Customer] Foundation," with STOCKBRIDGE as the responsible registered representative. In reality, there is no "The Customer Foundation." AFCS refers to the arrangement as a "component family foundation," which means they put a name selected by Customer, on a bookkeeping entry.

All assets that Customer has transferred to "her foundation," have been irrevocably donated to AFCS (unless someone should successfully contest the donation). As part of establishing the arrangement with AFCS, Customer apparently signed papers to transfer approximately $3.6 million worth of stocks and cash to the "AFCS – The Customer Foundation" account at SunAmerica. Then STOCKBRIDGE, acting as a portfolio manager for AFCS, sold the stocks, receiving commissions on the liquidating trades. STOCKBRIDGE invested the net proceeds, plus about $200,000 that had been transferred in cash, in variable annuity contracts. He received additional commissions for selling the annuities. STOCKBRIDGE had not communicated with any AFCS representative before making these trades, concerning how the foundation assets should be invested.

c) Customer apparently signed paperwork instructing PNC Advisors to transfer her municipal bonds to the Customer Trust account at SunAmerica. STOCKBRIDGE then sold the bonds, receiving commissions on the liquidating trades. STOCKBRIDGE invested the net proceeds of over $600,000, in a variable annuity contract. He received an additional commission for selling the annuity.

d) Customer apparently signed paperwork instructing PNC Advisors to distribute the mutual fund shares, in kind, and instructing that the mutual fund shares be redeemed and the proceeds sent to the Customer Trust account at SunAmerica. STOCKBRIDGE then invested the proceeds of approximately $1.8 million, in variable annuity contracts. He received commissions for selling the annuities.

25. Although the signatures purporting to be Customer's on the papers described in paragraph 24 appear to be genuine, one signature includes an incorrect middle initial. In any event, Customer during this period was not making independent decisions regarding her financial affairs. STOCKBRIDGE was able to effect the transactions described above, by preventing Customer from receiving legal or tax advice from her attorney or accountant. STOCKBRIDGE's conduct in this regard includes, but is not limited to: (a) rushing Customer to sign papers to complete all of the

transactions he wanted, before the attorney or accountant could obtain sufficient information to provide advice that might have been inconvenient for STOCKBRIDGE; (b) refusing to consult with the attorney and accountant, although such consultation had been authorized and requested by Customer; (c) preventing the attorney and accountant from obtaining information regarding Customer's changing financial situation, by telling Customer's attorney and accountant incomplete and misleading information regarding the status of the PNC Advisors distribution and the location of Customer's assets, and/or (d) by failing and refusing to provide information that the attorney and accountant needed in order to fulfill their responsibilities to Customer, despite reasonable and authorized requests for such information.

26. In or about January 2000, prior to receiving distribution of the $6.5 million lump-sum inheritance, Customer signed a form to change the beneficiary designation for one of Customer's variable annuity contracts. STOCKBRIDGE then sent the form to the issuer of the annuity. The originally-named beneficiary of the contract had been the Customer Trust. STOCKBRIDGE changed the beneficiary on the contract, to the STOCKBRIDGE Trust dated November 11, 1980 (the "STOCKBRIDGE Trust"). The STOCKBRIDGE Trust's beneficiaries were STOCKBRIDGE, his wife, and their children. The contract would have paid in excess of $600,000 to the STOCKBRIDGE Trust upon the death of the annuitant (Customer).

27. In or about March, 2001, STOCKBRIDGE called the issuer of the annuity contract as to which he had named the STOCKBRIDGE Trust the beneficiary. STOCKBRIDGE instructed the issuer to begin sending the Customer's copy of the account statements, to the street address of Smith Financial. The salesman's copies of the account statements were addressed to the P.O. Box address of Smith Financial. Consequently, two copies of each statement were received at Smith Financial between March 28, 2001, and at least January 2002, while Customer received no account statements for this contract during the same period.

28. Between in or about January, 2000, and March, 2002, STOCKBRIDGE failed to put into SunAmerica files, and/or removed from SunAmerica files, and/or destroyed, records relating

to Customer and her financial affairs, which should have been maintained in the dealer's files, either at the Sedona branch (known as Smith Financial), or elsewhere.

29. In July 2001, a Securities Division examiner visited the SunAmerica-Smith Financial office in Sedona, and examined the securities business of the SunAmerica branch, and the investment adviser business of Smith Financial. During the visit, the examiner asked STOCKBRIDGE to produce for inspection, the files that STOCKBRIDGE maintained pertaining to his dealings with Customer. STOCKBRIDGE walked into his office. A few minutes later, the examiner walked to STOCKBRIDGE's office and saw STOCKBRIDGE removing documents from those same files, which the examiner had just asked to review.

30. On or about July 31, 2001, STOCKBRIDGE received at the Smith Financial office, a letter from the Securities Division. The letter requested STOCKBRIDGE to appear for a formal interview two weeks later, and to produce for inspection and copying, the documents concerning his dealings with Customer and/or AFCS.

31. On or about August 1, 2001, STOCKBRIDGE again changed the beneficiary designation of the annuity contract belonging to Customer. This time, STOCKBRIDGE sent to the issuer, a form naming the Customer Trust as the beneficiary. STOCKBRIDGE did not produce a copy of this document, or of the document with which he had earlier named the STOCKBRIDGE Trust the beneficiary of the contract, to the Securities Division. No copy of either document was found in the files of SunAmerica. No copy of either document was found in the files of Smith Financial, either when the Securities Division examiner was in Sedona in July 2001, or in March 2002, when STOCKBRIDGE was terminated from his association with SunAmerica and directed to vacate the office of Smith Financial.

32. On August 30, 2001, and November 13, 2002, the Securities Division conducted a formal interview of STOCKBRIDGE. During the interview, STOCKBRIDGE testified falsely under oath. STOCKBRIDGE's false statements included, but were not limited to, testimony concerning: (a) whether Customer intended to make a gift to STOCKBRIDGE, and (b) the true

nature and reason for the end of STOCKBRIDGE's association with SunAmerica and departure from the Smith Financial office.

IV.

VIOLATION OF A.R.S. § 44-1991

(Fraud in Connection with the Offer or Sale of Securities)

33. In connection with the offer or sale of securities within or from Arizona, STOCKBRIDGE, directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts which were necessary in order to make the statements made not misleading in light of the circumstances under which they were made; or (iii) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon offerees and investors. STOCKBRIDGE's conduct includes, but is not limited to, the following:

a) He isolated Customer from her attorney, accountant, and sister;

b) He exercised undue influence over Customer and controlled the disposition of her assets for his own benefit;

c) He failed to disclose that mutual funds that are not annuity sub-accounts, typically discount their sales charges for large accounts, and that in fact, Customer could have invested $1 million, or more, in mutual funds for a sales load of between 1% and 2%, rather than the 6% to 8% sales commissions that the annuities carried;

d) He told Customer that PNC Advisors was unwilling to continue managing her assets after distribution of the two testamentary trusts' corpus, which was false;

e) He caused his own family trust to be named as the beneficiary of at least one of Customer's annuity contracts, and he took steps to conceal this fact by, among other things, causing the issuer to send Customer's copy of the account statements to the Smith Financial office, failing to keep a copy of all relevant documentation in SunAmerica's files, removing documents from the files after they had been requested by the Securities Division, effecting a new beneficiary designation on August 1, 2001, and failing to produce a copy of the same in his response to the written request that had been made by the Securities Division on July 31, 2001, and/or by testifying falsely to the Securities Division under oath;

f) He told Customer that, with respect to the $3.6 million worth of assets transferred to AFCS, Customer would retain the power to direct how the assets would be invested, which was false;

g) He told Customer that, with respect to the assets transferred to AFCS, Customer would be able to instruct AFCS concerning the amounts of grants and identities of grant recipients, and that AFCS was obliged to make grants in accordance with Customer's instructions, which was false;

h) He caused Customer's pre-existing estate plan (as embodied by the Customer Trust document dated May 21, 1996, and various documents that named the Customer Trust the owner and/or beneficiary of Customer's assets) to be superceded by plans and purposes of his own, and he failed to disclose this to Customer, her attorney, her accountant, or her sister; and/or

i) He failed to disclose that, at least from and after November 1999, he was acting for his own benefit and that of his own family, and not in the best interests of Customer.

34. This conduct violates A.R.S. § 44-1991.

V.

REMEDIES PURSUANT TO A.R.S. § 44-1962

(Denial, Revocation or Suspension of Registration of Salesman; Restitution, Penalties, or other Affirmative Action)

35. STOCKBRIDGE's conduct is grounds to revoke STOCKBRIDGE's registration as a securities salesman with the Commission pursuant to A.R.S. § 44-1962. Specifically, STOCKBRIDGE:

a) Engaged in conduct specified by A.R.S. § 44-1962(A)(2), in that he violated a provision of the Securities Act by committing fraud in connection with the offer or sale of securities, within or from Arizona, as alleged above;

b) Engaged in conduct specified by A.R.S. § 44-1962(A)(3), by failing to file documents that should have been maintained in the files of his dealer, and/or removing documents from the files, and/or failing to produce documents that had been requested by the Securities Division on July 17, July 18, and July 31, 2001, and/or by testifying falsely under oath in a formal interview of the Securities Division;

c) Is lacking in integrity, as specified by A.R.S. § 44-1962(A)(4), as demonstrated by that fact that he committed some or all of the acts alleged in this Notice;

d) Engaged in dishonest or unethical practices in the securities industry, as specified by A.R.S. § 44-1962(A)(10) and Ariz. Admin. Code R14-4-130(A), in that he:

(i) Induced trading in the account(s) of Customer and/or AFCS, that was excessive in size, in view of all relevant factors;

(ii) Recommended to Customer, at least one purchase, sale or exchange of a security without reasonable grounds to believe that the recommendation was suitable for Customer;

(iii) Effected in the account of AFCS, at least one purchase, sale or exchange of a security without reasonable grounds to believe that the same was suitable for AFCS;

(iv) Executed one or more transactions pursuant to general discretionary authority, for the account of AFCS, without first obtaining general discretionary authority in writing from AFCS;

(v) Employed a manipulative or deceptive device or contrivance, in connection with the purchase or sale of a security;

(vi) Failed to refer Customer to a person skilled in providing investment advice to investors with portfolios of the size and character of the portfolio that Customer inherited, and failed to disclose that the services of such an investment adviser could be obtained at a materially lower cost in fees and commissions, than Customer and the "AFCS – The [Customer] Foundation" account incurred dealing with STOCKBRIDGE;

(vii) Failed to discount any of the commissions on the unusually large liquidating trades in the Customer Trust and the "AFCS – The [Customer] Foundation" accounts;

(viii) Failed to disclose that mutual funds that are not annuity sub-accounts, typically discount their sales charges for large accounts, and that in fact, Customer could have invested $1 million, or more, in mutual funds for a sales load of between 1% and 2%, rather than the 6% to 8% sales commissions that the annuities carried;

(ix) Provided legal and/or tax advice or services, which he was not qualified to provide, to Customer and/or AFCS; and/or

(vii) Made unauthorized use of a security of Customer, when he designated his own family trust as the beneficiary on Customer's variable annuity contract; and/or

e) Engaged in dishonest or unethical practices in business or financial matters, as specified by A.R.S. § 44-1962(12), in that he committed some or all of the acts alleged in this Notice.

36. STOCKBRIDGE's conduct is grounds to assess restitution, assess penalties, and/or take other appropriate affirmative action, pursuant to A.R.S. § 44-1962. Specifically, STOCKBRIDGE has engaged in dishonest or unethical practices in the securities industry.

VI.

REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

1. Order STOCKBRIDGE to cease and desist permanently from violating the Securities Act, pursuant to A.R.S. §§ 44-2032 and 44-1962;

2. Order STOCKBRIDGE to take affirmative action to correct the conditions resulting from his acts, practices or transactions, including, but not limited to, making full restitution, pursuant to A.R.S. §§ 44-2032 and 44-1962;

3. Order STOCKBRIDGE to pay the state of Arizona administrative penalties of up to five thousand dollars ($5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

4. Order STOCKBRIDGE to pay the state of Arizona administrative penalties, pursuant to A.R.S. § 44-1962;

5. Order the revocation of STOCKBRIDGE's registration as a securities salesman pursuant to A.R.S. § 44-1962;

6. Order that the marital community of STOCKBRIDGE and G. Irene Stockbridge be subject to any order of restitution, administrative penalties, or other appropriate affirmative action, pursuant to A.R.S. § 25-215; and

7. Order any other relief that the Commission deems appropriate.

VII.

HEARING OPPORTUNITY

Respondents STOCKBRIDGE and G. Irene Stockbridge, or either of them, may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. **If either Respondent requests a hearing, that Respondent must also answer this Notice.**

A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. Each Respondent who wants a hearing must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W.

Washington, Phoenix, Arizona 85007. A Docket Control cover sheet must accompany the request. A cover sheet form and instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at www.cc.state.az.us/utility/forms/index.htm.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made by either Respondent, the Commission may, without a hearing, enter an order against that Respondent, granting the relief requested by the Division in this Notice of Opportunity for Hearing.

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shelly M. Hood, Executive Assistant to the Executive Secretary, voice phone number 602/542-3931, e-mail shood@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation.

VIII.

ANSWER REQUIREMENT

Pursuant to A.A.C. R14-4-305, if STOCKBRIDGE and/or G. Irene Stockbridge requests a hearing, STOCKBRIDGE and/or G. Irene Stockbridge must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Notice. A Docket Control cover sheet must accompany the Answer. A cover sheet form and instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at www.cc.state.az.us/utility/forms/index.htm.

Additionally, STOCKBRIDGE and/or G. Irene Stockbridge must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007, addressed to Amy Leeson, the attorney of record for the Division.

The Answer shall contain an admission or denial of each allegation in this Notice, and the original signature of the answering Respondent(s), or the attorney representing the answering Respondent(s). A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

When STOCKBRIDGE and/or G. Irene Stockbridge intends in good faith to deny only a part or a qualification of an allegation, STOCKBRIDGE and/or G. Irene Stockbridge shall specify that part or qualification of the allegation and shall admit the remainder. STOCKBRIDGE and/or G. Irene Stockbridge will be deemed to have waived any affirmative defense not raised in the Answer.

The officer presiding over the hearing may grant relief from the requirement to file an Answer for good cause shown.

Dated this 30th day of December, 2002.

___/s/ Mark Sendrow_________________________
Mark Sendrow
Director of Securities