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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

In the matter of:)	DOCKET NO. S-03479A-05-0000
CHRISTOPHER D. DEDMON, CRD#3015575,)	NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER TO CEASE AND DESIST ORDER, FOR RESTITUTION, FOR ADMINISTRATIVE PENALTIES, AND FOR OTHER AFFIRMATIVE ACTION
and KIMBERLY DEDMON, husband and wife,)	
8181 W. Gelding Lane)	
Peoria, AZ 85381)	
OMNI HORIZON GROUP, LLP)	
7019 N. 53 rd Ave.)	
Glendale, AZ 85301)	
Respondents.)	

**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 CHRISTOPHER D. DEDMON (“CHRIS DEDMON”) and KIMBERLY DEDMON, husband and wife, and OMNI HORIZON GROUP, LLP (“OMNI”) have engaged in acts, practices and transactions, which constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* (“Securities Act”).

**I.
JURISDICTION**

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

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II.

RESPONDENTS

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3 2. CHRIS DEDMON's and KIMBERLY DEDMON's last known address is 8181 W. Gelding
4 Lane, Peoria, Arizona 85381.

5 3. At all relevant times, Respondents CHRIS DEDMON and KIMBERLY DEDMON were
6 acting for their own benefit and for the benefit or in furtherance of the marital community.

7 4. In the alternative, KIMBERLY DEDMON was at all relevant times the spouse of CHRIS
8 DEDMON. KIMBERLY DEDMON is joined in this action under A.R.S. § 44-2031(C) solely for
9 purposes of determining the liability of the marital community.

10 5. OMNI is an Arizona limited liability partnership established on or around August 22, 2000,
11 whose last known address was 7019 N. 53rd Ave., Glendale, Arizona, 85301. At all relevant times,
12 KIMBERLY DEDMON was the general partner of OMNI.

13 6. CHRIS DEDMON and KIMBERLY DEDMON may be collectively referred to as
14 "DEDMON." DEDMON and OMNI may be collectively referred to as "RESPONDENTS."

III.

FACTS

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17 7. Clear Energy Systems, Inc. fka Clear Horizons Energy Systems, Inc. ("Clear Energy") is and
18 was at all relevant times a privately held company, originally incorporated in the State of Nevada on
19 June 5, 2001. On or around May 17, 2002, Clear Energy filed with the Arizona Corporation
20 Commission as a foreign corporation, whose place of business was 2415 East Camelback Road, Suite
21 #700, Phoenix, Arizona 85016. On or around October 9, 2002, Clear Energy filed a statement of
22 change of known place of business to 14022 North 47th Street, Phoenix, Arizona 85032-5543.

23 8. On or around June 5 2001, RESPONDENTS received a stock certificate issued to OMNI for
24 5,500,000 shares of common stock of Clear Energy. The certificate stated that the shares were
25 "transferable only on the books of the Corporation by the holder hereof in person or by duly
26 authorized Attorney upon surrender of this Certificate properly endorsed." On or around January 1,

1 2002, RESPONDENTS received a second stock certificate for 500,000 shares of common stock of
2 Clear Energy, bearing the same restriction on transferability.

3 9. OMNI is the owner of record of two-thirds of the stock of Clear Energy.

4 10. From on or around December 12, 2001 through on or around March 6, 2005, CHRIS
5 DEDMON and KIMBERLY DEDMON have offered and/or sold securities in the form of evidences
6 of indebtedness for shares of Clear Energy stock to approximately 110 private investors, including
7 some unaccredited investors, within and from the state of Arizona.

8 11. CHRIS DEDMON and KIMBERLY DEDMON signed receipts stating that RESPONDENTS
9 agreed to transfer shares of Clear Energy stock to private investors in approximately 130 transactions.

10 12. RESPONDENTS' investors paid DEDMON a total of approximately \$644,700 for promises
11 to receive a total of approximately 2,358,000 shares of Clear Energy stock from OMNI's holdings.

12 13. From on or around September 9, 2003 through November 17, 2004, RESPONDENTS have
13 issued approximately 65 stock certificates of Clear Energy to private investors, including some
14 unaccredited investors. The certificates purport to transfer a fractional interest of the shares of Clear
15 Energy stock issued to OMNI in its two original stock certificates.

16 14. Many investors received no written disclosure or documentation concerning Clear Energy or
17 its principals, other than a receipt for their investment.

18 15. None of these shares of Clear Energy stock issued by RESPONDENTS to private investors
19 were transferred on the books of Clear Energy.

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24 **IV.**

25 **VIOLATION OF A.R.S. § 44-1841**

26 **(Offer or Sale of Unregistered Securities)**

1 16. From on or about December 12, 2001 through March 6, 2005, RESPONDENTS offered or
2 sold securities in the form of evidences of indebtedness and/or fractional shares of certificates of stock
3 of Clear Energy owned by OMNI, *i.e.*, investment contracts, within or from Arizona.

4 17. The securities referred to above were not registered pursuant to the provisions of Articles 6 or
5 7 of the Securities Act.

6 18. This conduct violates A.R.S. § 44-1841.

7 **V.**

8 **VIOLATION OF A.R.S. § 44-1842**

9 **(Transactions by Unregistered Dealers or Salesmen)**

10 19. RESPONDENTS offered or sold securities within or from Arizona, while not registered as
11 dealers or salesmen pursuant to the provisions of Article 9 of the Securities Act.

12 20. This conduct violates A.R.S. § 44-1842.

13 **VI.**

14 **VIOLATION OF A.R.S. § 44-1991**

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

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

23 a) Failing to disclose that the certificates were not transferred on the books of Clear
24 Energy;

25 b) Failing to disclose the specific risks relating to the transfer of the shares of stock on
26 the books of Clear Energy; and

1 c) Failing to disclose the offer and sale of the stock certificates of Clear Energy to the
2 company, which operated or would operate as a fraud or deceit upon offerees and investors.

3 22. This conduct violates A.R.S. § 44-1991.

4 23. CHRIS DEDMON and KIMBERLY DEDMON directly or indirectly controlled OMNI
5 within the meaning of A.R.S. § 44-1999. Therefore, CHRIS DEDMON and KIMBERLY DEDMON
6 are liable to the same extent as OMNI for its violations of A.R.S. § 44-1991.

7 24. CHRIS DEDMON made, participated in or induced the sale and purchase of a security within
8 the meaning of A.R.S. § 44-2003(A). Therefore, CHRIS DEDMON is jointly and severally liable for
9 the above violations of A.R.S. § 44-1841, 44-1842, and 44-1991.

10 **VII.**

11 **REQUESTED RELIEF**

12 The Division requests that the Commission grant the following relief against
13 RESPONDENTS:

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

16 2. Order RESPONDENTS to take affirmative action to correct the conditions resulting
17 from their acts, practices or transactions, including a requirement to make restitution pursuant to
18 A.R.S. § 44-2032;

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

21 4. Order that the marital communities of CHRIS DEDMON, and KIMBERLY
22 DEDMON be subject to any order of restitution, rescission, administrative penalties, or other
23 appropriate affirmative action pursuant to A.R.S. § 25-215; and

24 5. Order any other relief that the Commission deems appropriate.

25 **VIII.**

26 **HEARING OPPORTUNITY**

1 A cover sheet form and instructions may be obtained from Docket Control by calling (602) 542-
2 3477 or on the Commission's Internet web site at www.cc.state.az.us/utility/forms/index.htm.

3 Additionally, each RESPONDENT or RESPONDENTS must serve the Answer upon the
4 Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by
5 hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor,
6 Phoenix, Arizona, 85007, addressed to Pamela T. Johnson, the attorney of record for the Securities
7 Division.

8 The Answer shall contain an admission or denial of each allegation in this Notice and the
9 original signature of each RESPONDENT, RESPONDENTS or RESPONDENT's attorney. A
10 statement of a lack of sufficient knowledge or information shall be considered a denial of an
11 allegation. An allegation not denied shall be considered admitted.

12 When a RESPONDENT or RESPONDENTS intends in good faith to deny only a part or a
13 qualification of an allegation, such RESPONDENT or RESPONDENTS shall specify that part or

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19 qualification of the allegation and shall admit the remainder. RESONDENT or RESPONDENTS
20 waive any affirmative defense not raised in the answer.

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

23 Dated this 26 day of April, 2005.

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25 /s/ Matthew Neubert
26 Matthew Neubert
Director of Securities