

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

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

In the matter of:	)	Docket No. S-03598A-05-0000
ARKAD INVESTMENT SERVICES, INC.	)	<b>NOTICE OF OPPORTUNITY FOR</b>
dba Arkad Investment Services	)	<b>HEARING REGARDING ORDER OF</b>
13236 North 7 <sup>th</sup> Street, Suite No. 4288	)	<b>DENIAL AND FOR OTHER</b>
Phoenix, AZ 85022	)	<b>AFFIRMATIVE ACTION</b>
Respondent.	)	

11 **EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING**

12 **EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**

13 The Securities Division (“Division”) of the Arizona Corporation Commission (“Commission”)  
14 alleges that respondent ARKAD INVESTMENT SERVICES, INC., through its president, David  
15 Medansky, has engaged in acts, practices and transactions that constitute grounds to deny its  
16 application for investment adviser under the Arizona Investment Management Act, A.R.S. § 44-3101  
17 *et seq.* (“IM Act”).

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19 **I.**

20 **JURISDICTION**

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

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**II.**

**RESPONDENTS**

2. ARKAD INVESTMENT SERVICES, INC. (“RESPONDENT”) is an Arizona corporation, incorporated August 30, 2004, whose business address is 13236 North 7<sup>th</sup> Street, Suite No. 4288, Phoenix, AZ 85022

**III.**

**FACTS**

3. On or about September 30, 2004, the Division received notice through the Investment Advisory Registration Depository system (IARD) that RESPONDENT sought licensure in Arizona as an investment adviser. The IARD is a central information depository maintained by the National Association of Securities Dealers that is used by state and federal securities regulators for the registration and licensing of investment advisers.

4. In its application for licensure as an investment adviser, RESPONDENT disclosed a Maricopa County Grand Jury indictment against David Medansky, an officer of RESPONDENT, for seven (7) felony counts of identity theft, forgery, and theft.

5. On October 20, 2004, the Division advised RESPONDENT in writing of deficiencies in its application for licensure. In the written notification of deficiencies, the Division also requested court documents relating to the indictment against David Medansky.

6. To date, the Division has not received a complete application for licensure.

7. On November 26, 2004, the Division received notification through the IARD system that RESPONDENT had requested to be registered with the Securities and Exchange Commission (“SEC”) as a federal investment adviser.

8. On January 3, 2005, the Division received notification through the IARD system that RESPONDENT was registered with the SEC as a federal investment adviser.

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1 **VI.**

2 **HEARING OPPORTUNITY**

3 RESPONDENT may request a hearing pursuant to A.R.S. § 44-3212 and A.A.C. R14-4-  
4 306. **If respondent requests a hearing, respondent must also answer this Notice.** A request for  
5 hearing must be in writing and received by the Commission within 10 business days after service of  
6 this Notice of Opportunity for Hearing. Respondent must deliver or mail the request to Docket  
7 Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. A  
8 Docket Control cover sheet must accompany the request. A cover sheet form and instructions may  
9 be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web  
10 site at [www.cc.state.az.us/utility/forms/index.htm](http://www.cc.state.az.us/utility/forms/index.htm).

11 If a request for a hearing is timely made, the Commission shall schedule the hearing to begin  
12 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the  
13 parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission  
14 may, without a hearing, enter an order granting the relief requested by the Division in this Notice of  
15 Opportunity for Hearing.

16 Persons with a disability may request a reasonable accommodation such as a sign language  
17 interpreter, as well as request this document in an alternative format, by contacting Linda Hogan,  
18 Executive Assistant to the Executive Secretary, voice phone number 602/542-3931, e-mail  
19 [lhogan@azcc.gov](mailto:lhogan@azcc.gov). Requests should be made as early as possible to allow time to arrange the  
20 accommodation.

21 **VII.**

22 **ANSWER REQUIREMENT**

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

5 Additionally, RESPONDENT must serve the Answer upon the Division. Pursuant to  
6 A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a  
7 copy of the Answer to the Division at 1300 West Washington, 3<sup>rd</sup> Floor, Phoenix, Arizona, 85007,  
8 addressed to Ella G. Johnson, Esq.

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

13 When RESPONDENT intends in good faith to deny only a part or a qualification of an  
14 allegation, RESPONDENT shall specify that part or qualification of the allegation and shall admit  
15 the remainder. RESPONDENT waives any affirmative defense not raised in the answer.  
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17 The officer presiding over the hearing may grant relief from the requirement to file an  
18 Answer for good cause shown.

19 BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this 15 day of  
20 June, 2005.

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22 /s/ Matthew J. Neubert  
23 Matthew J. Neubert  
24 Director of Securities  
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