

BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

MARC SPITZER, Chairman
JIM IRVIN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON

In the matter of:)
)
YUCATAN RESORTS, INC.,)
3222 Mishawaka Avenue.)
South Bend, IN 46615;)
P.O. Box 2661)
South Bend, IN 46680;)
Av. Coba #82 Lote 10, 3er. Piso)
Cancun, Q. Roo)
Mexico C.P. 77500)
YUCATAN RESORTS, S.A.,)
3222 Mishawaka Avenue.)
South Bend, IN 46615;)
P.O. Box 2661)
South Bend, IN 46680;)
Av. Coba #82 Lote 10, 3er. Piso)
Cancun, Q. Roo)
Mexico C.P. 77500)
RESORT HOLDINGS INTERNATIONAL,)
INC.,)
3222 Mishawaka Avenue)
South Bend, IN 46615;)
P.O. Box 2661)
South Bend, IN 46680;)
Av. Coba #82 Lote 10, 3er. Piso)
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RESORT HOLDINGS INTERNATIONAL,)
S.A.,)
3222 Mishawaka Avenue)
South Bend, IN 46615;)
P.O. Box 2661)
South Bend, IN 46680;)
Av. Coba #82 Lote 10, 3er. Piso)
Cancun, Q. Roo)

DOCKET NO. S-03539A-03-0000

**FIRST AMENDED TEMPORARY ORDER
TO CEASE AND DESIST
AND NOTICE OF OPPORTUNITY
FOR HEARING**

Mexico C.P. 77500)
 1 **WORLD PHANTASY TOURS, INC.,**)
a/k/a MAJESTY TRAVEL)
 2 **a/k/a VIAJES MAJESTY**)
 Calle Eusebio A. Morales)
 3 Edificio Atlantida, P Baja)
 APDO, 8301 Zona 7 Panama,)
 4)
AVALON RESORTS,)
 5 Av. Coba #82 Lote 10, 3er. Piso)
 Cancun, Q. Roo)
 6 Mexico C.P. 77500)
)
 7 **MICHAEL E. KELLY and LORY KELLY,**)
 husband and wife,)
 8 29294 Quinn Road)
 North Liberty, IN 46554;)
 9 3222 Mishawaka Avenue)
 10 South Bend, IN 46615;)
 P.O. Box 2661)
 11 South Bend, IN 46680,)
)
 12 Respondents.)
)

13
 14 **NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY**
 15 **EACH RESPONDENT HAS 20 DAYS TO REQUEST A HEARING**
 16 **EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**
 17

18 The Securities Division (“Division”) of the Arizona Corporation Commission (“Commission”)
 19 alleges that Respondents Yucatan Resorts, Inc., Yucatan Resorts, S.A., Resort Holdings International,
 20 Inc., Resort Holdings International, S.A., World Phantasy Tours, Inc. (a/k/a Majesty Travel and Viajes
 21 Majesty), Avalon Resorts, Michael E. Kelly and spouse Lory Kelly have engaged in or are about to
 22 engage in acts, practices, and transactions that constitute violations of the Securities Act of Arizona,
 23 A.R.S. § 44-1801 *et seq.* (“Securities Act”), and that immediate action is required in the name of public
 24 welfare.

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2 **I.**

3 **JURISDICTION**

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

6 **II.**

7 **RESPONDENTS**

8 2. Respondent Yucatan Resorts, Inc., (“YUCATAN”), is an internationally-based corporation
9 orchestrating a purported timeshare program out of Cancun, Mexico and other Central American locales.
10 The company’s current United States business address is 3222 Mishawaka Avenue, South Bend,
11 Indiana, 46615, together with mailing address P.O. Box 2661, South Bend, Indiana, 46680.

12 3. Respondent Yucatan Resorts, S.A., (“YUCATAN SA”), is a counterpart to YUCATAN with
13 headquarters in the United States, Mexico and Panama. YUCATAN SA contracts with Arizona sales
14 agents and assists in operating the aforementioned Yucatan timeshare program. The company’s current
15 United States business address is 3222 Mishawaka Avenue, South Bend, Indiana, 46615, together with
16 mailing address P.O. Box 2661, South Bend, Indiana, 46680.

17 4. Respondent Resort Holdings International, Inc., (“RHI”), is affiliated with YUCATAN and
18 YUCATAN SA and is the primary distributor for the aforementioned Yucatan timeshare program
19 throughout North America. In this capacity, RHI provides promotional services and is responsible for
20 the recruitment of “timeshare” sales agents. RHI’s current United States business address is 3222
21 Mishawaka Avenue, South Bend, Indiana, 46615, together with mailing address P.O. Box 2661, South
22 Bend, Indiana, 46680.

23 5. Respondent Resort Holdings International, S.A., (“RHI-SA”), is the counterpart to RHI and is
24 headquartered in the United States, Mexico and Panama. RHI-SA coordinates with RHI to provide
25 promotional assistance and to perform various administrative functions in connection with the
26 aforementioned Yucatan timeshare program. RHI-SA’s current United States business address is 3222

1 Mishawaka Avenue, South Bend, Indiana, 46615, together with mailing address P.O. Box 2661, South
2 Bend, Indiana, 46680.

3 6. Respondent World Phantasy Tours, Inc., a/k/a Majesty Travel and Viajes Majesty,
4 (“WORLD PHANTASY”), is a purported resort management and travel agency operating as the
5 designated servicing agent for the aforementioned Yucatan timeshare program. WORLD
6 PHANTASY’s last known address is listed as Calle Eusebio A. Morales, Edificio Atlantida, P Baja,
7 APDO, 8301 Zona 7 Panama.

8 7. Respondent Avalon Resorts (“AVALON”) is a resort development company associated with
9 YUCATAN, YUCATAN SA, RHI and RHI-SA. AVALON is the exclusive developer of resort
10 properties throughout Mexico and Central America for inclusion into the aforementioned Yucatan
11 timeshare program. The company’s last known business address is Av. Coba #82 Lote 10, 3er. Piso
12 Cancun, Q. Roo Mexico C.P. 77500, the same Mexican business address as that of YUCATAN,
13 YUCATAN SA, RHI, and RHI-SA.

14 8. Respondent Michael E. Kelly (“KELLY”) is the founder and president of YUCATAN, the
15 owner, president and director of RHI, and the founder and chairman of AVALON. In these varying
16 capacities, KELLY directly oversees and/or controls the aforementioned Yucatan timeshare program, its
17 sales operations, and the expenditure of investor funds. KELLY’S last known United States addresses
18 are 29294 Quinn Road, North Liberty, Indiana, 46554, and 3222 Mishawaka Avenue, South Bend,
19 Indiana, 46615 (company headquarters).

20 9. Respondent Lory Kelly is joined in this action under A.R.S. § 44-2031(C) solely for purposes
21 of determining the liability of the marital community. Lory Kelly’s last known residential address is 29294
22 Quinn Road, North Liberty, Indiana, 46554.

23 10. At all times relevant hereto, KELLY and Lory Kelly were acting for their own benefit, and for
24 the benefit or in furtherance of the marital community.

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26 . . .

1 11. YUCATAN, YUCATAN SA, RHI, RHI-SA, WORLD PHANTASY, AVALON and
2 KELLY may collectively be referred to as “RESPONDENTS.” Lory Kelly may be referred to as
3 “Respondent Spouse.”

4 **III.**

5 **FACTS**

6 12. Since at least 1999, RESPONDENTS have been directly or indirectly engaged in the offer and
7 sale of securities to the general public in Arizona in the form of investment contracts as defined by
8 Arizona Revised Statutes (A.R.S.) § 44-1801(25).

9 13. To date, a minimum of five Arizona-based sales agents have been identified as selling
10 RESPONDENTS’ timeshare investment product to well over three hundred investors.

11 14. RESPONDENTS’ investment opportunity is based on what they term the “Universal Lease”
12 Program, a scheme that purportedly offers investors the opportunity to purchase timeshare units in one of
13 various AVALON resort properties throughout Mexico and Central America.

14 15. RHI and RHI-SA are currently responsible for marketing this Universal Lease Program, both
15 by generating/distributing various promotional materials and brochures and by recruiting sales agents
16 throughout the United States.

17 16. Under this Universal Lease ‘opportunity,’ investors are required to invest a minimum of \$5,000
18 dollars to participate in the program, but they may invest any amount in excess of this sum. Investment
19 funds are then wired to YUCATAN’s Indiana-based bank account, which funds are subsequently
20 disbursed for undisclosed purposes.

21 17. Although several different company brochures and promotional materials are distributed to
22 prospective investors, Universal Lease investors are never apprised as to the financial condition of
23 YUCATAN, YUCATAN SA, RHI, RHI-SA or AVALON, are never informed as to the uses of
24 Universal Lease investment funds, and are never afforded financial statements reflecting the degree of
25 solvency of any of the RESPONDENTS.

26 . . .

1 18. According to training materials provided to Universal Lease sales agents, the agents are
2 instructed to tell prospective investors that the investment funds are “basically being used” to purchase
3 more resort properties, evidencing the fact that investor funds are being pooled to provide financing for
4 new acquisitions.

5 19. As part of RESPONDENTS’ sales strategy, prospective investors are given the option to roll
6 part or all of their IRA portfolios into the Universal Lease Program. In doing so, investors are effectively
7 replacing their existing retirement savings with the Universal Lease timeshare program. The Universal
8 Lease application even contains a specific form to facilitate the transfer of investors’ retirement portfolios
9 into RESPONDENTS’ program.

10 20. At a seminar in Scottsdale, Arizona, a recruiter for YUCATAN SA informed prospective
11 Universal Lease sales agents that approximately 40 percent of all funds coming through the Universal
12 Lease Program will originate out of investor IRAs or other similar retirement accounts.

13 *Specifics of the Universal Lease Plan*

14 21. Under RESPONDENTS’ Universal Lease Program, and as represented in RHI’s associated
15 promotional materials, investors are purportedly afforded the opportunity to select one of three separate
16 Universal Lease “options.” In actuality, options 1 and 2 are illusory choices, effectively leaving option 3
17 as sole Universal Lease Program alternative.

18 22. Evidencing this point, recruiters for prospective YUCATAN SA sales agents coach their
19 trainees that the Universal Lease’s “third option,” *i.e.* the investment selection, is the only selection that
20 need be promoted, offered and sold.

21 23. Under the Universal Lease’s alleged “Option 1,” investors can purportedly choose to forego
22 any returns on their investments, and instead chose to utilize a timeshare unit themselves. Under this
23 option, RHI assigns to the investor, at RHI’s own choosing, a specific unit, for a specific week,¹ and at a
24

25 _____
26 ¹ According to the promotional materials, a \$5,000 Universal Lease investor electing the purported “option
1” receives access to the assigned timeshare unit only *every other* year, or only 12 to 13 weeks during the
25 year lease period.

1 specific location, and only after the \$5,000 sum (or more) is received by RHI. The investor has no input
2 into the date, quality or location of this timeshare assignment.

3 24. Moreover, the Option 1 purchaser must pay annual management fees to RHI for this particular
4 election, ranging from \$380 to \$645 per year (with such amounts subject to Consumer Price Index
5 increases). This translates into an RHI surcharge of \$9,000 to \$16,125 (or more) over the life of the 25
6 year timeshare lease. For a \$5,000 purchaser, this would ultimately equate to a total payment of at least
7 \$14,000 in return for 12 weeks of timeshare access (over a 25 year period) at an undisclosed location
8 during an undisclosed time of year.

9 25. Consistent with these uninviting terms, this vacationing selection is largely ignored in Universal
10 Lease promotional materials, and the selection receives no coverage in Universal Lease recruitment
11 seminar for prospective salesmen. Equally relevant, this option would simply have no applicability to the
12 many investors rolling retirement funds into the Universal Lease program.

13 26. The Universal Lease "Option 2," which ostensibly allows RESPONDENTS' customers to
14 rent out assigned timeshare units themselves, contains many of the same prohibitive costs and conditions
15 as that of Option 1. This Option again requires the purchaser to forego any guaranteed investment
16 returns, and instead imposes substantial annual maintenance fees on the purchaser for the full 25 year
17 lease term. Prospective Option 2 purchasers must also await a determination by RHI, after the purchase
18 has been made, as to the location, resort type and permitted dates of use for the timeshare. The
19 undesirability of this selection is further conveyed by RHI's brochure warning that this self-renting option
20 will not bring in the same level of revenues as would a professional third party servicing agent.

21 27. Beyond the apparent financial disincentives, RESPONDENTS' promotional materials provide
22 no discussion, comments or guidance over the advantages of selecting option 2, other than the brief
23 suggestion that this self-renting option could be carried out through the "simple placing of an
24 advertisement in the local paper." This "tip" conspicuously omits any insight into the risks and logistics
25 associated with such an undertaking. Nor does it address the challenges presented in overseeing the
26 rental of a weekly timeshare unit hundreds or even thousands miles away.

1 28. As with Option 1, Option 2 of the Universal Lease Program is also conspicuously overlooked
2 in connection with RESPONDENTS' efforts to recruit and train additional sales agents. Far from
3 providing an overview of Option 2, a recruiter plainly indicated to prospective sales agents that the only
4 Universal Lease option of interest for sales agents was the investment option, Option 3.

5 29. Unlike the illusory selections of Options 1 and 2, Option 3 is repeatedly touted, highlighted and
6 glorified in RESPONDENTS' Universal Lease literature. According to YUCATAN SA and RHI's
7 promotional brochures, investors who "select" Option 3 would be eligible to receive a 9 per cent per
8 annum return on their timeshare investments every year for a period of 25 years, after which time the
9 lease would be renewable for another 20 years.

10 30. For an investor to reap the 9 percent per annum return under this Universal Lease option, the
11 investor was required, as part of his investment, to hire a "third party" management company to lease the
12 investor's timeshare unit. The Universal Lease materials identify WORLD PHANTASY as the
13 designated management company for this servicing function. Although the Universal Lease application
14 does not mandate the selection of WORLD PHANTASY as the investors' servicing agent, such a
15 selection is the only listed means under which investors can earn the promised 9 per cent rate of return on
16 their Universal Lease investments.

17 31. To select WORLD PHANTASY as the servicing agent, investors are instructed to complete a
18 formal "Management Agreement" with the company. This WORLD PHANTASY Management
19 Agreement is bundled with the Universal Lease promotional and application materials, and is the single
20 management company identified for servicing AVALON's various resorts.

21 32. RESPONDENTS fail to disclose any financial relationship with WORLD PHANTASY or
22 indicate whether either company is entitled to receive a percentage of this servicing agent's management
23 fees.

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25 33. The "Universal Lease Management Agreement" states: "The Servicer shall have full power and
26 authority to do those things in connection with such servicing, administration, and collection activities

1 which it may deem necessary in order to maximize the rental.... Client shall furnish the Servicer with
2 powers of attorney and other documents necessary or appropriate as required by the Servicer to enable
3 the Servicer to carry out its servicing and administrative duties hereunder.”

4 34. Once investors have made their investments in RESPONDENTS’ Universal Lease Program
5 and have signed the Management Agreement with WORLD PHANTASY, the investors are allegedly
6 eligible to receive a 9 percent per annum return on their investments for the life of the Universal Lease
7 Program, presently set at 25 years. The investors have no functions or responsibilities following their
8 investments, and YUCATAN, YUCATAN SA, RHI, RHI-SA, AVALON and WORLD PHANTASY
9 purportedly develop new and/or manage existing rental units to generate the profits that support the
10 investors’ investment returns.

11 35. According to RESPONDENTS’ marketing literature, Option 3 of the Universal Lease
12 provides a multitude of advantages to more traditional investments. The most prominent of these, as
13 demonstrated during a promotional power point presentation delivered by KELLY, is that the Universal
14 Lease Program provides a far superior rate of return than most other investments. A second claim is that
15 the Universal Lease is supported by “debt-free” resort properties, and that as a result the Universal
16 Lease Program is fully safe and secure.

17 36. According to RESPONDENTS’ promotional literature, Option 3 is also the only Universal
18 Lease option that also allows investors to recoup up to 5 percent of any loss or liquidation penalty
19 incurred during the process of rolling other investments into RESPONDENTS’ Universal Lease
20 Program. This feature is an added incentive for investors to exchange their existing investment portfolios
21 into Option 3 of the Universal Lease Program.

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23 ...

24 37. Several Arizona sales agents have since become prolific sellers of the Universal Lease
25 Program’s investment option. One such agent recently boasted that he had sold over 300 investments in
26 RESPONDENTS’ program over the past three plus years.

1 38. Of the identified individuals investing in the Universal Lease Program through this particular
2 sales agent, all had chosen the ‘investment selection,’ *i.e.* Option 3, and all had chosen WORLD
3 PHANTASY as their third party servicing agent. Moreover, a substantial number of these investors
4 were elderly individuals who had made their Universal Lease investments by rolling part or all of their
5 retirement portfolios into the program. To date, this sales agent has raised several million dollars in
6 Universal Lease investments.

7 39. Another of RESPONDENTS’ Universal Lease sales agents recently encouraged a 75-year-
8 old Phoenix resident to roll over his entire investment portfolio, approximately \$61,000, into Option 3 of
9 the Universal Lease Program. The elderly gentleman followed the recommendation, moving his entire
10 annuities portfolio into RESPONDENTS’ Universal Lease Program.

11 40. Still another Arizona Universal Lease sales agent, a former paralegal, conceded that she had
12 sold several additional Universal Lease investments to investors in the greater Phoenix area.

13 41. A fourth Universal Lease sales agent succeeded in selling to One Vision Children’s Foundation,
14 Inc. (“One Vision”), a non-profit organization incorporated in Arizona, a \$1.03 million investment in the
15 Universal Lease Program. Prior to this investment, the sales agent had recommended that One Vision
16 choose the third investment option and discouraged any consideration over the other two options.

17 42. Marketing materials provided to investors by the above-referenced Universal Lease sales
18 agents indicated that “the Yucatan properties were fully insured against loss. All properties are in
19 compliance [with] the governing laws. Being in compliance with the regulations to sell leases, all
20 properties are 100% free of debt. As a result, the Leaseholders have a first lien on the Yucatan Resort
21 properties.”

22 43. Arizona-based sales agents repeatedly echoed this claim that RESPONDENTS’ Universal
23 Lease investments were safe and secure, and that these investments were protected by debt-free
24 properties. No risk disclosures were made to investors, either during the agents’ sales presentations or
25 through the dissemination of Universal Lease marketing literature.

26

1 44. Universal Lease sales agents receive commissions constituting at least 10% of the investors’
2 funds placed into the Universal Lease Program under Option 3. These commission amounts would
3 increase in cases where affiliated sales agents qualified for sale overrides. The existence of these
4 commissions has been routinely withheld from investors.

5 45. Yucatan Investment Corp. (“Yucatan Investments”) was the subject of an administrative order
6 by the New Mexico Securities Division on May 18, 1999, for the sale of unregistered, non-exempt
7 securities - in the form of 9 month promissory notes - through unlicensed sales agents. KELLY was the
8 sole incorporator, statutory agent, president and secretary of Yucatan Investments, and Yucatan
9 Investments was based out of the same business address as YUCATAN, YUCATAN SA, RHI, and
10 RHI-SA. Upon information and belief, Yucatan Investments’ operation was the immediate predecessor
11 to RESPONDENTS’ current Universal Lease Program.

12 46. Yucatan Investments was also the subject of an administrative order by the South Carolina
13 Securities Division on July 26, 1999, for the sale of unregistered, non-exempt securities – in the form of 9
14 month promissory notes - through unregistered sales agents.

15 47. Yucatan Investments was also the subject of a Cease and Desist order by the Minnesota
16 Department of Commerce on October 4, 1999, for the sale of unregistered, non-exempt securities.
17 KELLY, endorsing as the company’s president, consented to this Order on September 15, 1999.

18 48. Yucatan Investments was also the subject of an administrative order by the Connecticut
19 Department of Banking, on November 7, 2000, for the sale of unregistered, non-exempt securities – in
20 the form of promissory notes - through unlicensed sales agents.

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23 49. YUCATAN SA and KELLY were the subject of an administrative order by the Wisconsin
24 Securities Division on March 28, 2001, for the sale of unregistered securities by an unlicensed sales agent
25 and for securities fraud in violation of Wisconsin law.

26

1 50. YUCATAN was the subject of an administrative order by the Oklahoma Department of
2 Securities in August 2001, arising out of possible violations of the Oklahoma Securities Act.

3 51. On October 28, 2002, YUCATAN SA was the subject of an administrative cease and desist
4 order from the Pennsylvania Securities Commission arising out of multiple registration and fraud violations
5 as proscribed under the Pennsylvania Securities Act.

6 52. Arizona investors were never informed, either by Universal Lease sales agents or through
7 RESPONDENTS' promotional literature, that each of Yucatan Investments, YUCATAN, YUCATAN
8 SA, and KELLY had been the subject of previous sanctions based on multiple violations of state
9 securities laws.

10 **IV.**

11 **VIOLATION OF A.R.S. § 44-1841**

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

13 53. Since at least early 1999, RESPONDENTS have offered or sold securities in the form of
14 investment contracts, within or from Arizona.

15 54. The securities referred to above were not registered pursuant to the provisions of Articles 6 or
16 7 of the Securities Act.

17 55. This conduct violates A.R.S. § 44-1841.

18 **V.**

19 **VIOLATION OF A.R.S. § 44-1842**

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

21 56. RESPONDENTS have offered or sold securities within or from Arizona while not registered as
22 dealers or salesmen pursuant to the provisions of Article 9 of the Securities Act.

23 57. This conduct violates A.R.S. § 44-1842.

24 **VI.**

25 **VIOLATION OF A.R.S. § 44-1991**

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

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

7 a) RESPONDENTS misrepresented to investors that investments in the Universal Lease
8 Program are fully safe, secure, and guaranteed, when in fact investments in RESPONDENTS' foreign
9 timeshare scheme are inherently risky on several levels, including (without limitation):

- 10 1) The fact that the viability of the Universal Lease Program depends on the future
11 solvency of each of the various entities associated with this venture;
- 12 2) That annual investment returns from this Program are necessarily dependent upon
13 the profitability of WORLD PHANTASY in successfully renting a sufficient
14 number of AVALON Resort units throughout the 25 year lease period;
- 15 3) That, in the event of a hurricane or other natural disaster, the undisclosed value of
16 RESPONDENTS' company assets could fall well short of the amount of funds
17 invested into the Universal Lease Program; and
- 18 4) The fact that the Universal Lease Program is relying almost exclusively on the
19 efforts and purported expertise of a single individual, KELLY.

20 b) RESPONDENTS failed to disclose to investors any salient financial and/or background
21 information about the issuer, its affiliates, or its principals;

22 ...

23 ...

24 c) RESPONDENTS failed to disclose to investors that a sales commission of at least 10
25 percent was routinely paid to Universal Lease sales agents consummating timeshare investments, and that
26 sales agents were eligible for additional monetary overrides;

1 If a request for a hearing is not timely made, the Division will request that the Commission make
2 permanent this Temporary Order, with written findings of fact and conclusions of law. These conclusions
3 of law may include an order for restitution, administrative penalties and/or other relief.

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

9 **X.**

10 **ANSWER REQUIREMENT**

11 Pursuant to A.A.C. R14-4-305, if any Respondent or the Respondent Spouse requests a hearing,
12 the Respondent or Respondent Spouse must deliver or mail an Answer to this Notice of Opportunity for
13 Hearing to Docket Control, Arizona Corporation Commission, 1200 West Washington, Phoenix, Arizona
14 85007, within 30 calendar days after the date of
15 service of this Notice of Opportunity for Hearing. A Docket Control cover sheet must
16 accompany the Answer. A cover sheet form and instructions may be obtained from
17 Docket Control by calling (602) 542-3477 or by accessing the Commission's Internet web site at
18 www.cc.state.az.us/utility/forms/index.htm.

19 Additionally, any Respondent or the Respondent Spouse must serve the Answer upon the
20 Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-
21 delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona,
22 85007, addressed to Jamie B. Palfai, Esq.

23 The Answer shall contain an admission or denial of each allegation in this Notice and the original
24 signature of each Respondent/Respondent Spouse or their respective attorneys. A statement of a lack of
25 sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied
26 shall be considered admitted.

