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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

TOM FORESE – Chairman
BOB BURNS
DOUG LITTLE
ANDY TOBIN
BOYD W. DUNN

Arizona Corporation Commission

DOCKETED

JUL 13 2017

DOCKETED BY GB

IN THE MATTER OF:

DOCKET NO. S-20472A-06-0535

THE 12 PERCENT FUND I, L.L.C. (aka THE 12% FUND, 12% FUND I and FUND) an Arizona limited liability company;

DECISION NO. 76196

COYOTE GROWTH MANAGEMENT, L.L.C. an Arizona limited liability company;

MICHAEL JOSEPH HANNAN (aka MICHAEL HANNAN, MIKE HANNAN and MICHAEL J. HANNAN II) and JANICE C. HANNAN, former husband and wife; and

SAM AHDOOT and JANE DOE AHDOOT, husband and wife

Respondents.

ORDER

Open Meeting
July 11 and 12, 2017
Phoenix, Arizona

BY THE COMMISSION:

\* \* \* \* \*

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. On August 28, 2006, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Temporary Order to Cease and Desist ("T.O.") and a Notice of Opportunity for Hearing ("Notice") against the 12 Percent Fund I, L.L.C. ("Fund"), Coyote Growth Management, L.L.C. ("CGM"), Michael Joseph Hannan and Jane Doe Hannan, husband and wife, and Sam Ahdoot and Jane Doe Ahdoot, husband and wife (collectively "Respondents"), in which the

1 Division alleged that the Respondents committed multiple violations of the Arizona Securities Act  
2 (“Act”) in connection with the offer and sale of securities in the form of investment contracts.

3 2. The Fund, CGM and the Hannan Respondents were duly served with copies of the T.O.  
4 and Notice.

5 3. The Ahdoot Respondents were not served with copies of the T.O. and Notice.

6 4. On September 19, 2006, the Fund, CGM and the Hannan Respondents filed a request  
7 for hearing.

8 5. On September 25, 2006, by Procedural Order, a pre-hearing conference was scheduled  
9 on October 26, 2006.

10 6. On October 24, 2006, counsel for the Division and counsel for the Fund, CGM, and the  
11 Hannan Respondents filed a stipulation whereby they agreed to continue the pre-hearing conference  
12 indefinitely and waived the application of any time limits pursuant to A.A.C. R14-4-307 and A.R.S. §  
13 44-1972 with respect to the T.O. and Notice.

14 7. On October 25, 2006, by Procedural Order, the pre-hearing conference was continued.

15 8. On August 7, 2007, the Division filed a motion to reschedule a pre-hearing conference  
16 stating that the parties had been unable to reach a settlement.

17 9. On August 9, 2007, by Procedural Order, a pre-hearing conference was scheduled for  
18 August 29, 2007.

19 10. On August 10, 2007, counsel for the Fund, CGM and the Hannan Respondents filed an  
20 Application to Withdraw (“Application”) citing ER 1.16(b) and indicated his clients had failed  
21 “substantially to fulfill an obligation to the lawyer regarding the lawyer’s services.” The Application  
22 stated that the Respondents had been notified of counsel’s intent to withdraw and of the date of the pre-  
23 hearing conference. The Commission was also advised of Respondents’ address and of the address of  
24 a court-appointed Receiver for the Fund and CGM. No objections were filed.

25 11. On August 23, 2007, by Procedural Order, counsel for the Fund, CGM and the Hannans  
26 was granted leave to withdraw.

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1           12.    On August 29, 2007, at the pre-hearing conference, the Division appeared through  
2 counsel. No appearances were made by or on behalf of the Fund, CGM or the Hannan Respondents.  
3 The Division requested that a hearing be scheduled at the beginning of 2008.

4           13.    On September 6, 2007, by Procedural Order, a hearing was scheduled for February 5,  
5 2008.

6           14.    On February 5, 2008, a full public hearing commenced before a duly authorized  
7 Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. The Division  
8 appeared with counsel. Mr. Hannan appeared on his own behalf. After a short recess in the proceeding,  
9 counsel for the Division requested that the hearing be vacated pending Commission approval of a  
10 Consent Order with respect to the Hannans at the Commission's next Securities Open Meeting.

11           15.    On February 27, 2008, by Procedural Order, the hearing was vacated.

12           16.    On March 10, 2008, the Commission issued a Consent Order, Decision No. 70189,  
13 against Respondents Michael Joseph Hannan and Janice C. Hannan. Therein, the Respondent, Michael  
14 Joseph Hannan was ordered to permanently cease and desist from violating the Securities Act and the  
15 Arizona Investment Management Act. The Hannan Respondents were ordered to pay restitution and  
16 to pay an administrative penalty.

17           17.    On May 23, 2017, the Division filed a Motion to Dismiss and Notice of Dismissal with  
18 respect to Respondents Sam Ahdoot and Jane Doe Ahdoot who were not served with the T.O. and  
19 Notice.

20           18.    The Division, in its Motion to Dismiss, described how the Commission, on June 12,  
21 2007, filed a complaint in Maricopa County Superior Court to appoint a Receiver over Respondents,  
22 the Fund and CGM. The Fund and CGM consented to the appointment of a Receiver on June 15, 2007.  
23 On November 30, 2007, the appointed Receiver filed for protection of the Fund and CGM under  
24 Chapter 11 of the United States Bankruptcy Act. On December 3, 2007, their separate bankruptcy  
25 proceedings were consolidated into one case. After discussion regarding the status of the case and  
26 advising the Maricopa County Superior Court that the remainder of the matter was being pursued in  
27 the Bankruptcy Court, the Superior Court matter was dismissed on March 13, 2013. The Bankruptcy  
28 Court closed the consolidated case on January 23, 2014, after the Receiver filed a Final Account and

1 Distribution Report certifying that the estate has been fully administered.

2 19. The Division stated further that since no further issues remained to be resolved before  
3 the Commission, the administrative action against the unserved parties, the Ahdoot Respondents, the  
4 proceeding should be dismissed.

5 20. Under the circumstances, the proceeding should be dismissed.

6 **CONCLUSIONS OF LAW**

7 1. The Commission has jurisdiction of this matter pursuant to Article XV of the Arizona  
8 Constitution and A.R.S. § 44-1801, et seq.

9 2. The proceeding should be dismissed without prejudice with respect to Respondents Sam  
10 Ahdoot and Jane Doe Ahdoot.

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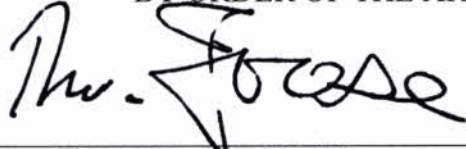
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**ORDER**

IT IS THEREFORE ORDERED that the proceeding herein with respect to Respondents, Sam Ahdoot and Jane Doe Ahdoot, is hereby dismissed without prejudice.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.



CHAIRMAN FORESE



COMMISSIONER DUNN



COMMISSIONER TOBIN



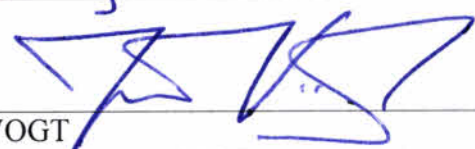
COMMISSIONER LITTLE

**EXCUSED**  
COMM. BURNS

COMMISSIONER BURNS



IN WITNESS WHEREOF, I, TED VOGT, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 13<sup>th</sup> day of July 2017.



TED VOGT  
EXECUTIVE DIRECTOR

DISSENT \_\_\_\_\_

DISSENT \_\_\_\_\_  
MS/sa

1 SERVICE LIST FOR:

THE 12 PERCENT FUND I, L.L.C. COYOTE  
GROWTH MANAGEMENT, L.L.C., MICHAEL  
JOSEPH HANNAN AND JANICE C. HANNAN, AND  
SAM AHDOOT AND JANE DOE ADHOOT

2  
3 DOCKET NO.:

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