

**BEFORE THE UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

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**ADMINISTRATIVE PROCEEDING
File No. 3-16033**

In the Matter of

**AIRTOUCH COMMUNICATIONS,
INC., HIDEYUKI KANAKUBO, AND
JEROME KAISER, CPA,**

Respondents.

**ANSWER OF RESPONDENT
JEROME KAISER IN RESPONSE
TO ORDER INSTITUTING
ADMINISTRATIVE CEASE-AND-
DESIST PROCEEDINGS**

Pursuant to Rule 220 of the Commission's Rules of Practice, Respondent Jerome Kaiser ("Mr. Kaiser") respectfully submits this Answer to the Commission's August 22, 2014 Order Instituting Administrative and Cease-and-Desist Proceedings (the "OIP"). As set forth in more detail below, Mr. Kaiser denies the allegations that he violated certain of the federal securities laws and rules adopted by the Commission thereunder, and denies that any remedial action is appropriate and that any order to cease and desist should be issued.

To the extent not specifically admitted herein, Mr. Kaiser denies each and every allegation contained in the OIP.

GENERAL RESPONSES

The numbered paragraphs of this answer correspond to the paragraphs as numbered in Section II of the OIP. To the extent the paragraphs in the OIP are grouped under headings, Mr. Kaiser responds generally that such headings and groupings are conclusions of law or fact and denies each and every such allegation made or implied by such headings or groupings.

This answer is submitted only on behalf of Mr. Kaiser. The OIP contains numerous allegations concerning other respondents. The OIP also contains allegations relating to the status, conduct, or other affairs of other persons or entities not answering herein. To the extent the allegations are directed to other respondents, persons or entities, Mr. Kaiser avers that no response from him is required.

Finally, in response to many of the allegations in the OIP, Mr. Kaiser answers herein that he is without knowledge or information sufficient to form a belief as to the truth of such allegations. In each and every instance where Mr. Kaiser so answers, Mr. Kaiser on that basis denies each and every such allegation, and incorporates by reference this response into each paragraph below as if fully set forth therein.

SPECIFIC RESPONSES

1. Mr. Kaiser denies the allegations in paragraph 1 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kaiser is required.

2. Mr. Kaiser denies the allegations in paragraph 2 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kaiser is required.

3. Mr. Kaiser avers that the Form 8-K referenced in paragraph 3 speaks for itself, refers to the Form 8-K for its contents, and denies any characterization inconsistent with its terms.

4. Mr. Kaiser admits that the allegations of paragraph 4 were true during the time of his employment with AirTouch.

5. Mr. Kaiser avers that the allegations in paragraph 5 are not directed to Mr. Kaiser, and therefore no response from Mr. Kaiser is required.

6. Mr. Kaiser denies the allegation that he resides in Chowchilla, California. Mr. Kaiser further denies the allegation that he was responsible for the management of AirTouch's business. Mr. Kaiser lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the sixth sentence of paragraph 6, and on that basis denies them. Mr. Kaiser admits the remaining allegations in paragraph 6.

7. Mr. Kaiser denies that the U250 SmartLinx was designed solely for sale to Telmex. Mr. Kaiser lacks knowledge or information sufficient to form a belief as to the truth of the allegations regarding the timeframe in which the U250 SmartLinx was

developed, and on that basis denies them. Mr. Kaiser admits the remaining allegations in paragraph 7.

8. Mr. Kaiser lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 8, and on that basis denies them.

9. Mr. Kaiser lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence of paragraph 9, and on that basis denies them. Mr. Kaiser denies the allegations in the second sentence of paragraph 9.

10. Mr. Kaiser admits, on information and belief, the allegations in the first sentence of paragraph 10. With respect to the remaining allegations in paragraph 10, Mr. Kaiser avers that the Fulfillment and Logistics Agreement speaks for itself, refers to the Fulfillment and Logistics Agreement for its content, and denies any characterization inconsistent with its terms.

11. Mr. Kaiser avers that the Purchase Order referenced in this paragraph speaks for itself, refers to the Purchase Order for its contents, and denies any characterization inconsistent with its terms. To the extent that a further response is required, Mr. Kaiser avers that he lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 12, and on that basis denies them.

12. Mr. Kaiser admits the allegations in paragraph 12.

13. Mr. Kaiser denies the allegation that AirTouch shipped inventory to the Florida Entity pursuant to the Agreement. Mr. Kaiser admits, on information and belief, the remaining allegations in paragraph 13.

14. Mr. Kaiser lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 14, and on that basis denies them.

15. Mr. Kaiser denies the allegations in paragraph 15.

16. Mr. Kaiser lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 16, and on that basis denies them.

17. Mr. Kaiser avers that the Form 10-Q referenced in paragraph 17 speaks for itself, refers to the Form 10-Q for its contents, and denies any characterization inconsistent with its terms. To the extent the allegations require a further response, Mr. Kaiser denies, on information and belief, the allegations in the second sentence of paragraph 17.

18. Mr. Kaiser lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 18, and on that basis denies them.

19. Mr. Kaiser denies the allegations in paragraph 19.

20. Mr. Kaiser avers that the revenue recognition policy referenced in paragraph 20 speaks for itself, refers to the revenue recognition policy for its contents, and denies any characterization inconsistent with its terms. To the extent the allegations require a further response, Mr. Kaiser lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph, and therefore denies them.

21. Mr. Kaiser denies the allegations in paragraph 21.

22. Mr. Kaiser avers that the certifications referenced in paragraph 22 speak for themselves, refers to the certifications for their contents, and denies any characterization inconsistent with their terms. To the extent the allegations require a further response, Mr. Kaiser lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph, and therefore denies them.

23. Mr. Kaiser denies the allegations in paragraph 23 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kaiser is required.

24. Mr. Kaiser denies the allegations in paragraph 24.

25. Mr. Kaiser avers that the Form 10-Q referenced in paragraph 25 speaks for itself, refers to the Form 10-Q for its contents, and denies any characterization inconsistent with its terms. To the extent a further response is required, Mr. Kaiser denies the allegations in the first two sentences of paragraph 25, and avers that he lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the third sentence of paragraph 25, and on that basis denies them.

26. Mr. Kaiser denies the allegations in paragraph 26 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kaiser is required.

27. Mr. Kaiser denies the allegations in paragraph 27 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kaiser is required.

28. To the extent that the allegations in paragraph 28 are directed to Mr. Kaiser, Mr. Kaiser admits that he was an officer of AirTouch and a member of its management, and that he was responsible for preparing and signing AirTouch's SEC filings. Mr. Kaiser denies the remaining allegations in paragraph 28. To the extent that the allegations in paragraph 28 are directed to other respondents, no response from Mr. Kaiser is required.

29. Mr. Kaiser admits, on information and belief, that in or around 2012, AirTouch had discussions with an investor regarding a short term bridge loan in exchange for a promissory note and a warrant to purchase shares of AirTouch common stock. Mr. Kaiser lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the second sentence of paragraph 29, and on that basis denies them.

30. Mr. Kaiser avers that the allegations in Paragraph 30 are not directed to Mr. Kaiser, and therefore no response from Mr. Kaiser is required.

31. Mr. Kaiser admits the allegations in paragraph 31.

32. Mr. Kaiser lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 32, and on that basis denies them.

33. Mr. Kaiser admits that in 2012, he received a bonus payment of approximately \$15,000 in connection with his work on raising capital. Mr. Kaiser lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 33, and on that basis denies them.

34. Mr. Kaiser denies the allegations in paragraph 34 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kaiser is required.

35. Mr. Kaiser denies the allegations in paragraph 35 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kaiser is required.

36. Mr. Kaiser denies the allegations in Paragraph 36.

37. Mr. Kaiser denies the allegations in paragraph 37 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kaiser is required.

38. Mr. Kaiser denies the allegations in paragraph 38 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kaiser is required.

39. Mr. Kaiser denies the allegations in paragraph 39 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kaiser is required.

40. To the extent that the allegations in paragraph 40 are directed to Mr. Kaiser, Mr. Kaiser admits that he was an officer of AirTouch and a member of its management, that he was responsible for preparing and signing AirTouch's SEC filings, and that he negotiated with Tony Tang and provided Tony Tang and/or his representatives with due diligence materials. Mr. Kaiser denies the remaining allegations in paragraph 40. To the extent that the allegations in paragraph 40 are directed to other respondents, no response from Mr. Kaiser is required.

41. Mr. Kaiser admits, on information and belief, the allegations in Paragraph 41.

42. Mr. Kaiser admits that he provided the chairman of the audit committee with the Purchase Order, but denies that he withheld the Agreement.

43. Mr. Kaiser admits, on information and belief, the allegations in paragraph 43.

44. Mr. Kaiser avers that the Form 8-K referenced in paragraph 44 speaks for itself, refers to the Form 8-K for its contents, and denies any characterization inconsistent with its terms. Mr. Kaiser admits, on information and belief, the allegations in the remaining sentence of paragraph 44.

45. Mr. Kaiser denies the allegations in paragraph 45 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kaiser is required.

46. Mr. Kaiser denies the allegations in paragraph 46 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kaiser is required.

AFFIRMATIVE DEFENSES

As further and separate defenses to the allegations in the OIP, Mr. Kaiser alleges the following affirmative defenses. In setting forth these affirmative defenses, Mr. Kaiser does not assume any burden of proof not otherwise imposed upon him by law.

FIRST AFFIRMATIVE DEFENSE

(Reliance on Others)

This action is barred because every statement, act, or omission by Mr. Kaiser alleged in the OIP, if it occurred at all, was made or occurred in reasonable good faith reliance on the statements, representations, advice, professional judgment and opinions of others upon which Mr. Kaiser was entitled to rely.

SECOND AFFIRMATIVE DEFENSE

(Good Faith)

This action is barred because the acts, statements, and omissions by Mr. Kaiser alleged in the OIP were made in good faith, honesty, and without any intent to deceive. Mr. Kaiser acted at all times innocently and without knowledge of purported falsity.

THIRD AFFIRMATIVE DEFENSE

(Constitutional Violations)

This proceeding violates Mr. Kaiser's constitutional rights, including, but not limited to, Mr. Kaiser's right to due process and equal protection of the law.

FOURTH AFFIRMATIVE DEFENSE

(Incorporation of Other Respondents' Defenses)

The action is barred by each of the affirmative defenses asserted by each of the other respondents to the extent such defense is available to Mr. Kaiser, and each such defense is incorporated herein by reference.

FIFTH AFFIRMATIVE DEFENSE

(Reservation of Rights)

Mr. Kaiser presently has insufficient knowledge or information upon which to form a belief as to whether he may have additional yet unstated defenses. Mr. Kaiser reserves the right to assert any additional affirmative defenses as may be discovered during the conduct of this proceeding.

Dated: September 19, 2014

Respectfully submitted,

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