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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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AZ CORP COMMISSION  
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COMMISSIONERS

- GARY PIERCE - Chairman
- BOB STUMP
- SANDRA D. KENNEDY
- PAUL NEWMAN
- BRENDA BURNS

IN THE MATTER OF:

DOCKET NO. S-20757A-10-0373

RICHARD M. SCHMERMAN, individually and d/b/a Diversified Financial and/or Diversified Financial Planners, and Amy Schmerman, husband and wife.

RESPONDENTS.

**FOURTH**  
**PROCEDURAL ORDER**  
**(Continues Status Conference)**

**BY THE COMMISSION:**

On September 9, 2010, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing ("Notice") against Richard M. Schmerman d/b/a Diversified Financial and/or Diversified Financial Planners ("Diversified") and Amy Schmerman, husband and wife (collectively "Respondents"), in which the Division alleged multiple violations of the Arizona Securities Act ("Act") and the Investment Management Act ("IM Act") in connection with Respondent Richard A. Schmerman's practices in business and securities matters which allegedly involved mishandling of client funds and misrepresentation.

The Respondents were duly served with copies of the Notice.

On September 20, 2010, a request for hearing was filed by the Respondents.

On September 22, 2010, by Procedural Order, a pre-hearing conference was scheduled on October 21, 2010.

On October 21, 2010, at the pre-hearing conference, the Division and Respondents appeared through counsel. The parties are discussing a possible resolution of the issues raised by the Notice, but have agreed in the interim that a status conference be scheduled in approximately 60 days.

On October 22, 2010, by Procedural Order, a status conference was scheduled on December 16, 2010.

1 On December 16, 2010, the Division and Respondents appeared through counsel at the status  
2 conference. The parties were continuing to discuss a resolution of the proceeding and in the interim,  
3 the Division requested that another status conference be scheduled in approximately 60 days.

4 On December 16, 2010, by Procedural Order, a status conference was scheduled on February  
5 23, 2011.

6 On February 22, 2011, the Division and Respondents filed a Joint Stipulation to Continue the  
7 status conference for at least 60 days in order that the parties can continue to review matters and  
8 attempt to resolve the issues raised by the Notice.

9 Accordingly, the status conference should be continued.

10 IT IS THEREFORE ORDERED that the **status conference** scheduled on **February 23, 2011,**  
11 **shall be continued to April 25, 2011, at 10:00 a.m.,** at the Commission's offices, 1200 West  
12 Washington Street, Hearing Room No. 1, Phoenix, Arizona.

13 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized  
14 Communications) applies to this proceeding as the matter is now set for public hearing.

15 IT IS FURTHER ORDERED that withdrawal or representation must be made in compliance  
16 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the  
17 Rules of the Arizona Supreme Court). Representation before the Commission includes appearances  
18 at all hearings and procedural conferences, as well as all Open Meetings for which the matter is  
19 scheduled for discussion, unless counsel has previously been granted permission to withdraw by the  
20 Administrative Law Judge or the Commission.

21 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules  
22 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to practice of law and admission *pro*  
23 *hac vice*.

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1 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive  
2 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

3 DATED this 23<sup>rd</sup> day of February, 2011.

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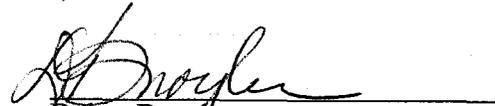
MARC E. STERN  
ADMINISTRATIVE LAW JUDGE

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9  
10 Copies of the foregoing mailed/delivered  
11 this 23<sup>rd</sup> day of February, 2011 to:

12 Alan Baskin  
13 BADE & BASKIN, PLC  
14 80 E. Rio Salado Pkwy, Suite 511  
15 Tempe, AZ 85281  
16 Attorney for Respondents

17 Matt Neubert, Director, Securities Division  
18 ARIZONA CORPORATION COMMISSION  
19 1300 West Washington Street  
20 Phoenix, AZ 85007

21 ARIZONA REPORTING SERVICE, INC.  
22 2200 North Central Avenue, Suite 502  
23 Phoenix, AZ 85004

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25  
26  
27  
28  
By:   
Debra Broyles  
Secretary to Marc E. Stern