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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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

AZ CORP COMMISSION
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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.

**SEVENTH
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.

On December 16, 2010, the Division and Respondents appeared through counsel at the status

1 conference. The parties were continuing to discuss a resolution of the proceeding and in the interim,
2 the Division requested that another status conference be scheduled in approximately 60 days.

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

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

8 On February 23, 2011, by Procedural Order, the status conference was continued from
9 February 23, 2011, to April 25, 2011.

10 On April 22, 2011, the Division and Respondents filed another Joint Stipulation to Continue
11 the status conference for at least 60 days to allow the parties to continue to work towards a settlement
12 of the issues raised by the Notice.

13 On April 25, 2011, by Procedural Order, the status conference was continued from April 25,
14 2011, to July 7, 2011.

15 On July 5, 2011, the Division and Respondents filed another Joint Stipulation to Continue the
16 status conference for at least 60 days to allow the parties to continue to work towards a settlement of
17 the issues raised by the Notice. Subsequently, by Procedural Order, the status conference was
18 continued from July 7, 2011, to September 8, 2011.

19 On September 7, 2011, the Division and Respondents filed another Joint Stipulation to
20 Continue the status conference for sixty days or more to allow the parties to review additional
21 documentation and to discuss a possible resolution of the proceeding.

22 Accordingly, the status conference should be continued.

23 IT IS THEREFORE ORDERED that the **status conference scheduled on September 8,**
24 **2011, shall be continued to November 17, 2011, at 10:00 a.m.,** at the Commission's offices, 1200
25 West Washington Street, **Room 100,** Phoenix, Arizona.

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

28 IT IS FURTHER ORDERED that withdrawal or representation must be made in compliance

1 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
2 Rules of the Arizona Supreme Court). Representation before the Commission includes appearances
3 at all hearings and procedural conferences, as well as all Open Meetings for which the matter is
4 scheduled for discussion, unless counsel has previously been granted permission to withdraw by the
5 Administrative Law Judge or the Commission.

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

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

11 DATED this 27th day of September, 2011.

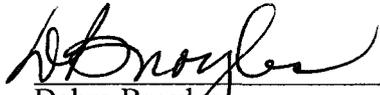
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15 
MARC E. STERN
ADMINISTRATIVE LAW JUDGE

16 Copies of the foregoing mailed/delivered
17 this 7th day of September, 2011 to:

18 Alan Baskin
19 BADE & BASKIN, PLC
20 80 East Rio Salado Parkway, Suite 511
Tempe, AZ 85281
Attorney for Respondents

21 Matt Neubert, Director
22 Securities Division
ARIZONA CORPORATION COMMISSION
23 1300 West Washington Street
Phoenix, AZ 85007

24 ARIZONA REPORTING SERVICE, INC.
25 2200 North Central Avenue, Suite 502
Phoenix, AZ 85004

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