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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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COMMISSIONERS

- BOB STUMP - Chairman
- GARY PIERCE
- BRENDA BURNS
- BOB BURNS
- SUSAN BITTER SMITH

CORP COMMISSION DOCKET CONTROL

DOCKETED BY

DOCKET NO. S-20837A-12-0061

In the matter of:

OUT OF THE BLUE PROCESSORS, LLC,
an Arizona limited liability company, d/b/a
Out of the Blue Processors II, LLC; and

MARK STEINER (CRD #1834102) and
SHELLY STEINER, husband and wife,

Respondents.

ORIGINAL

**FOURTEENTH
PROCEDURAL ORDER
(Denies Motion to Vacate Hearing)**

BY THE COMMISSION:

On February 22, 2012, 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 Out of the Blue Processors, LLC ("OBP"), an Arizona limited liability company dba Out of the Blue Processors II, LLC, and Mark Steiner and Shelly Steiner, husband and wife, (collectively "Respondents"), in which the Division alleged multiple violations of the Arizona Securities Act ("Act") in connection with the offer and sale of securities in the form of certificates of interest or investment contracts.

Respondent spouse, Shelly Steiner, was joined in the action for the purpose of determining the liability of the marital community pursuant to A.R.S. §44-2031(C).

The Respondents were duly served with copies of the T.O. and Notice.

On March 14, 2012, Respondents filed a request for hearing in this matter.

On March 15, 2012, by Procedural Order, a pre-hearing conference was scheduled on April 12, 2012.

On April 10, 2012, Respondents' counsel filed a Motion to Continue the pre-hearing conference because his client was out of the country on business and was not expected to return until the end of the month. It was indicated that Division did not oppose the motion.

1 On April 11, 2012, by Procedural Order, the pre-hearing conference was continued to May
2 16, 2012.

3 On May 16, 2012, the Division and Respondents appeared with counsel. Counsel for the
4 Division indicated that the parties were discussing the issues raised by the T.O. and Notice, and
5 requested that a status conference be scheduled in approximately 60 days. Respondents agreed with
6 the Division's request to schedule a status conference. Subsequently, by Procedural Order, a status
7 conference was scheduled on July 19, 2012.

8 On July 19, 2012, the Division and Respondents appeared through counsel at the status
9 conference. Counsel for the Division indicated that the parties were continuing to discuss the issues
10 raised by the T.O. and Notice, and were attempting to reach a settlement in the proceeding. In the
11 interim, the Division requested that another status conference be scheduled in approximately 60 days.
12 Respondents agreed with the Division's request to schedule a status conference.

13 On July 20, 2012, by Procedural Order, a status conference was scheduled on October 4, 2012.

14 On October 1, 2012, Respondents filed a Motion to Vacate the status conference scheduled on
15 October 4, 2012, until after October 24, 2012, because Respondent, Mark Steiner, had been out of the
16 country and unable to meet with counsel. Additionally, a meeting had been scheduled between the
17 parties. The Division had no objections to this request.

18 On October 4, 2012, by Procedural Order, the status conference was continued to November
19 6, 2012.

20 On November 1, 2012, Respondents filed a Motion to Vacate the status conference scheduled
21 on November 6, 2012, until after November 25, 2012, due to a number of conflicts on Respondents'
22 counsel's schedule, which were beyond his control. Among the conflicts was the time required to
23 respond to a subpoena from the Division for copies of his clients' records. The Division had no
24 objections to Respondents' Motion to Vacate.

25 On November 6, 2012, by Procedural Order, the status conference was continued to
26 November 20, 2012.

27 On November 16, 2012, Respondents filed another Motion to Vacate the status conference
28 scheduled on November 20, 2012, citing additional conflicts and requiring more time to comply with

1 the Division's subpoena. The Division had no objections to this request.

2 On November 19, 2012, by Procedural Order, the status conference was continued to January
3 10, 2013.

4 On January 3, 2013, Respondents filed another Motion to Vacate the status conference
5 scheduled on January 10, 2013, citing more conflicts and scheduling problems.

6 On January 8, 2013, the Division filed a response arguing that the Respondents' request
7 should be denied.

8 On January 9, 2013, by Procedural Order, the status conference was continued to January 29, 2013.

9 On January 29, 2013, at the status conference, the Division and Respondents appeared with
10 counsel and agreed that a hearing be scheduled to commence on July 8, 2013. Subsequently, counsel
11 for the Division requested that a teleconference be scheduled to reschedule the proceeding due to a
12 conflict with his trial schedule.

13 On January 31, 2013, at the teleconference, the Division and Respondents appeared through
14 counsel to resolve the scheduling conflict with respect to the hearing. After a brief discussion, the
15 parties agreed that the proceeding be scheduled to commence on September 16, 2013, if they were
16 unable to resolve the issues raised by the T.O. and Notice.

17 On February 4, 2013, by Procedural Order, the hearing was continued to September 16, 2013.

18 On August 9, 2013, the Division filed a Motion for Leave to Amend Notice, and
19 contemporaneously therewith the parties also filed a Joint Motion for Continuance for the deadline to
20 exchange copies of Witness Lists and Exhibits, of the hearing and a proposal that a status conference
21 be held on September 16, 2013, in place of the hearing. Respondents did not file any objections to
22 the Division's Motion for Leave to Amend Notice.

23 On August 21, 2013, by Procedural Order, the Motion for Leave to Amend Notice was
24 granted as was the Joint Motion for Continuance of the hearing.

25 On September 6, 2013, the Division filed the Amended Notice.

26 On September 16, 2013, at the status conference, the Division and Respondents appeared with
27 counsel. Respondents also filed a request for hearing with respect to the Amended Notice.

28

1 Subsequently, the parties agreed that a hearing to last approximately one week should be scheduled to
2 commence on April 28, 2014, with documents to be exchanged approximately one month earlier.

3 On September 17, 2013, by Procedural Order, a hearing is scheduled to commence on April
4 28, 2014.

5 On October 10, 2013, Respondents filed an Answer to Amended Notice of Opportunity for
6 Hearing Regarding Proposed Order to Cease and Desist, Order for Restitution, Order for
7 Administrative Penalties, Order of Revocation and Order for Other Affirmative Action.

8 On March 25, 2014, a Joint Stipulation to Extend Deadline for Exchanging Witness Lists and
9 Exhibit Lists "Joint Stipulation") was filed by Respondents and the Division.

10 On March 26, 2014, by Procedural Order, the Joint Stipulation was granted.

11 On April 4, 2014, the Division filed a Motion to Allow Telephonic Testimony during the
12 proceeding. There have been no objections to the Division's motion.

13 On April 17, 2014, by Procedural Order, the Division's Motion to Allow Telephonic
14 Testimony was granted.

15 On April 18, 2014, Respondents filed a Motion to Vacate the hearing scheduled to commence
16 on April 28, 2014, arguing that a large number of Respondents' investors are satisfied with their
17 investments and that the Commission's action may interfere with transactions involving the
18 Respondents' ongoing business opportunities and may inhibit the prospective return expected to be
19 earned by investors.

20 On April 22, 2014, the Division filed a response which opposes the Respondents' Motion to
21 Vacate arguing that Respondents have ignored the T.O. and are continuing to illegally offer and sell
22 securities. The Division cited a number of admissions made by the Respondents in their Answer to
23 the Amended Notice that tend to support the Division's allegations in this proceeding. Lastly, the
24 Division further argues that Respondents' ability to close transactions is not dispositive of the issues
25 raised by the Notice, but the Respondents' violations of the Act are the controlling factors.

26 This matter has been continued seven times previously and the Respondents have failed to
27 substantiate good cause for any further continuance. Accordingly, the Respondents' Motion to
28 Vacate the hearing should be denied.

1 IT IS THEREFORE ORDERED that the Respondent's Motion to Vacate the hearing is
2 hereby denied.

3 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
4 Communications) is in effect and shall remain in effect until the Commission's Decision in this
5 matter is final and non-appealable.

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 the practice of law and admission
8 *pro hac vice*.

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

15 IT IS FURTHER ORDERED that the Presiding Administrative Law Judge may rescind, alter,
16 amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by
17 ruling at hearing.

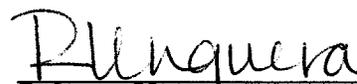
18 DATED this 24TH day of April, 2014.

20
21 
22 MARK PRENY
ADMINISTRATIVE LAW JUDGE

23 Copies of the foregoing mailed/delivered
24 this 24th day of April, 2014 to:

25 Arthur P. Allsworth
1001 North Central Avenue, Suite 701
26 Phoenix, AZ 85004
Attorney for Respondents

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

27 By: 
28 Rebecca Unquera
Assistant to Mark Preny