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BEFORE THE ARIZONA CORPORATION

COMMISSIONERS

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

2014 AUG 19 P 2:38

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

AUG 19 2014

DOCKETED BY

DOCKET NO. S-20837A-12-0061

ORIGINAL

SEVENTEENTH
PROCEDURAL ORDER
(Sets Procedural Conference)

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.

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 the 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.

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1 On November 16, 2012, Respondents filed another Motion to Vacate the status conference
2 scheduled on November 20, 2012, citing additional conflicts and requiring more time to comply with
3 the Division's subpoena. The Division had no objections to this request.

4 On November 19, 2012, by Procedural Order, the status conference was continued to January
5 10, 2013.

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

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

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

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

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

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

20 On August 9, 2013, the Division filed a Motion for Leave to Amend Notice.
21 Contemporaneously therewith, the parties filed a Joint Motion for Continuance of the hearing and the
22 deadline to exchange copies of witness and exhibit lists. The joint motion also proposed that a status
23 conference be held on September 16, 2013, to establish new dates for exchanging copies of witness
24 and exhibit lists and for the hearing. Respondents did not file any objections to the Division's
25 Motion for Leave to Amend Notice.

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

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

1 On September 16, 2013, at the status conference, the Division and Respondents appeared with
2 counsel. Respondents also filed a request for hearing with respect to the Amended Notice.
3 Subsequently, the parties agreed that a hearing to last approximately one week should be scheduled to
4 commence on April 28, 2014, with documents to be exchanged approximately one month earlier.

5 On September 17, 2013, by Procedural Order, a hearing was scheduled to commence on April
6 28, 2014.

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

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

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

13 On April 4, 2014, the Division filed a Motion to Allow Telephonic Testimony during the
14 proceeding. Respondents did not file any objections to the Division's motion.

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

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

22 On April 22, 2014, the Division filed a response opposing the Respondents' Motion to
23 Vacate. In its response, the Division argued that Respondents had ignored the T.O. and continued to
24 illegally offer and sell securities. The Division further argued that Respondents' ability to close
25 transactions was not dispositive of the issues raised by the Notice, but the Respondents' violations of
26 the Act were the controlling factors.

27 On April 24, 2014, by Procedural Order, Respondents' Motion to Vacate was denied.

28 On April 28, 2014, the parties filed Joint Fact Stipulations.

1 Also on April 28, 2014, a full public hearing was commenced before a duly authorized
2 Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. The Division and
3 the Respondents were represented by counsel. Additional days of hearing were held on April 29, 30,
4 and May 1, 2014. At the conclusion of the hearing, a schedule for the filing of post-hearing briefs
5 was established whereby the Division would file an initial brief by June 23, 2014, the Respondents
6 would file a response by July 21, 2014, and the Division would file a reply by August 8, 2014.

7 On June 23, 2014, the Securities Division filed their Post-Hearing Opening Brief.

8 On July 21, 2014, Respondents filed a Motion Requesting Extension of Time to File
9 Respondent's [sic] Post-Hearing Brief. Respondents requested an extension of time to file their post-
10 hearing brief by August 12, 2014. The need for the extension of time was attributed to health issues
11 incurred by Respondents' counsel that were unforeseen at the time the briefing schedule was set. The
12 Division did not file an objection to the Respondents' Motion.

13 On August 1, 2014, by Procedural Order, the Respondents' Motion Requesting Extension of
14 Time to File Respondent's [sic] Post-Hearing Brief was granted. Respondents were ordered to file
15 their Post-Hearing brief on or before August 12, 2014. A corresponding extension of time was
16 allowed for the Division to file its reply brief.

17 On August 12, 2014, Respondents filed a Motion Requesting Further Extension of Time to
18 File Respondent's [sic] Post-Hearing Brief. Once again, the necessity of the extension was attributed
19 to health issues suffered by Respondents' counsel. Respondents requested a further extension to
20 submit the Post-Hearing brief by August 18, 2014.

21 On August 13, 2014, the Securities Division filed a Response to Motion Requesting Further
22 Extension of Time to File Respondent's [sic] Post-Hearing Brief. The Division stated that it did not
23 oppose the Respondents' motion for a six-day extension, but the Division would not oppose any
24 future requests for extension.

25 On August 14, 2014, by Procedural Order, Respondents' Motion Requesting Further
26 Extension of Time to File Respondent's [sic] Post-Hearing Brief was granted. Respondents were
27 ordered to file their Post-Hearing brief on or before August 22, 2014. A corresponding extension of
28 time was allowed for the Division to file its reply brief.

1 On August 18, 2014, the Commission received a telephone call from Respondent Steiner,
2 informing the Commission that counsel for Respondent had passed away.

3 Accordingly, a procedural conference should be scheduled to discuss the information
4 provided by Respondent Steiner and any further modification of the briefing schedule.

5 IT IS THEREFORE ORDERED that a **telephonic procedural conference shall be held on**
6 **August 22, 2014, at 10:00 a.m.**

7 IT IS FURTHER ORDERED that Respondents and/or any alternate counsel for the
8 Respondents shall appear telephonically at the procedural conference. Respondents and/or
9 Respondents' counsel shall be prepared to discuss any requested accommodation for the filing of the
10 Respondents' Post-Hearing Brief and the Respondents' plans for continued representation in this
11 matter.

12 IT IS FURTHER ORDERED that **on the date of and at least five minutes before the time**
13 **set for the procedural conference, Respondents and/or Respondents' counsel shall call 1 (800)**
14 **689-9374, passcode 415962#, from a landline telephone, to participate telephonically in the**
15 **procedural conference.**

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

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

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

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

4 DATED this 19TH day of August, 2014.

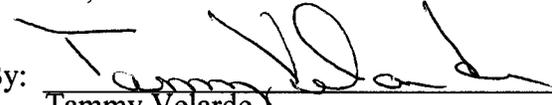
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8 MARK PRENY
ADMINISTRATIVE LAW JUDGE

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10 Copies of the foregoing mailed/delivered
this 19 day of August, 2014 to:

11 Mark Steiner and Shelly Steiner
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18 By: 
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