

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

FILED
Los Angeles Superior Court

JUL 07 2011

JOHN A. CLARKE, CLERK

BY GEOFFREY CHARLES, DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

THE PEOPLE OF THE STATE OF CALIFORNIA, by and through the CALIFORNIA CORPORATIONS COMMISSIONER,

Plaintiff,

vs.

ALPINE PICTURES, INC., a California corporation; DOROTHY OF OZ, LLC, dba BOX OFFICE PRODUCTIONS III, LLC, a California limited liability company; RYAN CARROLL, an individual; RENE TORRES, an individual; and NEIL KAUFMAN, an individual,

Defendants.

Case No.: BC460553

FINAL JUDGMENT OF PERMANENT INJUNCTION, CIVIL PENALTIES, AND ANCILLARY RELIEF AGAINST DEFENDANTS

1. Plaintiff, the People of the State of California, by and through California Corporations Commissioner Preston DuFauchard (“Plaintiff” or “Commissioner”), has filed a Complaint against Defendants Alpine Pictures, Inc. (“Alpine Pictures”); Dorothy of Oz, LLC, dba Box Office Productions III, LLC (“Dorothy of Oz”); Ryan Carroll; Rene Torres; and Neil Kaufman (collectively, “DEFENDANTS”).

2. DEFENDANTS admit the jurisdiction of this Court over them and over the subject matter of this action.

1 3. DEFENDANTS admit that they have received the service of the Summons and
2 Complaint filed in this matter.

3 4. DEFENDANTS have read the Complaint for Permanent Injunction, Civil Penalties,
4 and Ancillary Relief (hereinafter “Complaint”); the Stipulation to Entry of Final Judgment of
5 Permanent Injunction, Civil Penalties, and Ancillary Relief Between Plaintiff and DEFENDANTS
6 (hereinafter “Stipulation”); and this proposed Final Judgment of Permanent Injunction, Civil
7 Penalties, and Ancillary Relief Against DEFENDANTS (hereinafter “Final Judgment”).
8 DEFENDANTS stipulate to entry of judgment on the terms and contained in the Stipulation and
9 reflected in this Final Judgment.

10 5. DEFENDANTS have waived entry of Findings of Fact and Conclusions of Law
11 under California Code of Civil Procedure section 632 and all rights to appeal the entry of the Final
12 Judgment.

13 6. DEFENDANTS have waived any claims known to DEFENDANTS against the
14 State of California or its agents, officers, or employees based on the facts underlying the present
15 action. DEFENDANTS have specifically waived any rights provided by California Civil Code
16 section 1542, which provides: “A general release does not extend to claims which the creditor
17 does not know or suspect to exist in his or her favor at the time of executing the release, which if
18 known by him or her must have materially affected his or her settlement with the debtor.”

19 7. DEFENDANTS have stipulated and agreed that they entered into the Stipulation
20 voluntarily and without coercion, and have acknowledged that no promises, threats, or assurances
21 have been made by Plaintiff or any agents, officers, or employees thereof to induce them to enter
22 into the Stipulation.

- 23 8. Plaintiff alleges the following:
- 24 a. At all relevant times, Alpine Pictures was a California corporation with a
25 principal place of business in Los Angeles County. During the relevant times,
26 Ryan Carroll was the Chief Executive Officer of Alpine Pictures. At all relevant
27 times, Rene Torres and Neil Kaufman offered and sold securities on behalf of

1 Alpine Pictures.

2 b. At all relevant times, Dorothy of Oz was a California limited liability
3 company with a principal place of business in Los Angeles County. At all relevant
4 times, Neil Kaufman was managing member of Dorothy of Oz.

5 c. Alpine Pictures produces and distributes films financed by Dorothy of Oz.

6 d. Beginning in 1997 and continuing through at least 2008, Alpine Pictures,
7 Carroll, Torres, and Kaufman offered and sold common stock in Alpine Pictures to
8 residents of California and elsewhere.

9 e. Beginning in 2006 and continuing to the present, Dorothy of Oz and
10 Kaufman have offered and sold interests in Dorothy of Oz to residents of California
11 and elsewhere.

12 f. The investments offered and sold by DEFENDANTS are “securities” within
13 the meaning of California Corporations Code (“Corporations Code”) section
14 25110. They were offered and sold in “issuer transactions” within the meaning of
15 Section 25110.

16 g. DEFENDANTS each offered and sold the securities within the state of
17 California, within the meaning of Corporations Code sections 25008 and 25017.

18 h. The Commissioner has not issued a permit or other form of qualification
19 authorizing the offer and sale of the securities by DEFENDANTS in the state of
20 California. The offer and sale of securities by DEFENDANTS were not exempt
21 from the requirement of qualification under Section 25110.

22 i. DEFENDANTS offered and sold securities to California residents by means
23 of general solicitation.

24 j. In 1999, Alpine Pictures and Carroll were permanently enjoined by the Los
25 Angeles County Superior Court from offering or selling unqualified, non-exempt
26 securities, in violation of Corporations Code section 25110, and from making
27 misrepresentations or omissions of material fact in violation of Corporations Code
28

1 section 25401.

2 k. After 1999, Alpine Pictures, Carroll, Torres, and Kaufman continued to
3 offer and sell securities to some California residents without disclosing that in
4 1999, the Los Angeles Superior Court had entered a final judgment of permanent
5 injunction against Defendants Alpine Pictures and Ryan Carroll, enjoining them
6 from further violating Corporations Code sections 25110 and 25401. Further,
7 Alpine Pictures, Carroll, Torres, and Kaufman offered and sold securities to some
8 California residents without disclosing that in 2004, the Wisconsin Department of
9 Financial Institutions, Division of Securities, had issued a Petition for Order and
10 Order of Prohibition and Revocation against Defendants Alpine Pictures, Ryan
11 Carroll, and Rene Torres for selling unregistered securities in violation of
12 Wisconsin law.

13 l. On November 23, 2009, the Department issued a Desist and Refrain Order
14 against Dorothy of Oz and Kaufman for offering and selling securities in violation
15 of Corporations Code sections 25110 and 25401.

16 m. After November 23, 2009, Dorothy of Oz and Kaufman continued to offer
17 and sell securities to some California residents without disclosing that on
18 November 23, 2009, the Department had issued a Desist and Refrain Order against
19 Dorothy of Oz and Kaufman for offering and selling securities in violation of
20 Corporations Code sections 25110 and 25401.

21 9. DEFENDANTS neither admit nor deny the foregoing allegations.

22 PURSUANT TO STIPULATION OF THE PARTIES AND GOOD CAUSE APPEARING
23 THEREFORE, IT IS HEREBY ADJUDGED, ORDERED AND DECREED THAT JUDGMENT
24 BE ENTERED AS FOLLOWS:

25 1. DEFENDANTS and their agents, employees, attorneys in fact in their capacities as
26 such, and all persons and entities acting in concert or participating with them, shall be and are
27 hereby permanently enjoined from engaging in, committing, aiding and abetting, substantially

1 assisting, or performing directly or indirectly, by any means whatsoever, any of the following acts:

2 a. Violating Corporations Code section 25110 by offering to sell, selling,
3 arranging for the sale of, issuing, engaging in the business of selling, or negotiating
4 for the sale of any security of any kind, unless such security or transaction is
5 qualified or exempt; provided, however, that the exemption from qualification
6 described in Corporations Code section 25102, subdivision (f), shall not be
7 available to DEFENDANTS for a period of five (5) years following the entry of the
8 Final Judgment. Nothing herein, however, shall limit, restrict or change
9 DEFENDANTS' right to sell, arrange for the sale of, issue, engage in the business
10 of selling, negotiate for the sale of any security so long as such security or
11 transaction otherwise is qualified or exempt under other Corporations Code
12 provisions and/or the federal securities laws, including, but not limited to,
13 Corporations Code section 25102.1 and Regulation D of the Securities Act of 1933,
14 as amended;

15 b. Violating Corporations Code section 25401 by offering to sell or selling any
16 securities of any kind by means of any written or oral communication which
17 includes any untrue statement of material fact or omits or fails to state any material
18 fact necessary in order to make the statements made, in the light of the
19 circumstances under which they are made, not misleading;

20 c. Removing, destroying, mutilating, concealing, altering, transferring, or
21 otherwise disposing of, in any manner, any books, records, computer programs,
22 computer files, computer printouts, correspondence, brochures, manuals, or any
23 other document or "writing" of any kind as defined under California Evidence
24 Code section 250, relating to the transactions and course of conduct as alleged in
25 the Complaint filed in this action, that are in the possession, custody, or control of
26 DEFENDANTS, for a period of four years from the date of the entry of the Final
27 Judgment.

1 of \$1,250,000.00 to the Department of Corporations and Dorothy of Oz shall
2 repurchase the security in the original principal amount of the investment,
3 including interest of 10% per annum, from all California residents who purchased
4 securities in Dorothy of Oz between November 23, 2009 and January 31, 2011. If
5 Dorothy of Oz fails to complete the repurchase offer, Dorothy of Oz and Neil
6 Kaufman shall be jointly and severally liable for the civil penalty of \$1,250,000.00.

7 3. Alpine Pictures, Ryan Carroll, Rene Torres, and Neil Kaufman shall pay a civil
8 penalty in the total amount of \$100,000.00 to the Department of Corporations pursuant to the
9 following terms and conditions:

10 a. The civil penalty shall be payable in four quarterly installments of
11 \$25,000.00 each. The due dates of the installment payments are as follows: July
12 31, 2011; October 31, 2011; January 31, 2012; and April 30, 2012.

13 b. If the civil penalties are not paid according to the terms of this agreement,
14 Alpine Pictures, Ryan Carroll, Rene Torres, and Neil Kaufman shall be
15 immediately liable for an additional civil penalty of \$2,000,000.00.

16 c. Alpine Pictures, Ryan Carroll, Rene Torres, and Neil Kaufman shall be
17 jointly and severally liable for payment of the civil penalties described in
18 subparagraphs (a) and (b) above.

19 4. Dorothy of Oz and Neil Kaufman shall pay a civil penalty in the total amount of
20 \$150,000.00 to the Department of Corporations pursuant to the following terms and conditions:

21 a. The civil penalty shall be payable in four quarterly installments of
22 \$37,500.00 each. The due dates of the installment payments are as follows: July
23 31, 2011; October 31, 2011; and January 31, 2012; and April 30, 2012.

24 b. If the civil penalties are not paid according to the terms of this agreement,
25 Dorothy of Oz and Neil Kaufman shall be immediately liable for an additional civil
26 penalty of \$1,250,000.00.

27 c. Dorothy of Oz and Neil Kaufman shall be jointly and severally liable for the
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

civil penalties described in subparagraphs (a) and (b) above.

5. This Court shall retain jurisdiction of this action in order to implement and enforce the terms of the Stipulation and Final Judgment, and to entertain any suitable application or motion for additional relief or modification or any order made herein within the jurisdiction of the Court.

IT IS SO ORDERED.

Dated: 7/7/11

Robert L. Hess
JUDGE OF THE SUPERIOR COURT