

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

STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Eric Fliegel, Manager
Robin Spero, Manager
Gary Arnold, aka, Gary Aronavitch, Gary Richard Arnold and Gary Arnold Aronavitch, and
Gary Duncun, Executive Producer
Scott Lane, Co-Executive Producer
Patrick Oak, Co-Executive Producer
Adam Tennenbaum, Sales Agent
Steven Berez, Co-Executive Producer, Sales Agent
Mikey and Dolores Screen Partners, LLC
First Take Productions, Inc., also doing business as First Take Motion Picture Group
15315 Magnolia Blvd., Suite 428
Sherman Oaks, CA 91403

and

13351 Riverside Drive, # D-495
Sherman Oaks, CA 91401

and

11434 Ventura Blvd., Suite 100
Studio City, CA 91604

Bryan Hughes, President, CEO
Eric Fliegel, President
Gary Arnold, aka Gary Aronavitch, Gary Richard Arnold, Gary Arnold Aronavitch, and Gary
Duncun, Production Executive, Director of Production
Big Gunn Entertainment, Inc.
15315 Magnolia Blvd., Suite 428
Sherman Oaks, CA 91403

and

16030 Ventura Blvd., Ste 450
Encino, CA 91436

DESIST AND REFRAIN ORDER

(For violations of section 25110, 25210 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times, Eric Fliegel (“Fliegel”) was Manager of Mikey and Dolores Screen

1 Partners, LLC, (“Mikey and Dolores Screen Partners”) a California limited liability company with the
2 business address of 15315 Magnolia Boulevard, Suite 428, Sherman Oaks, California and an address
3 for its Executive Offices at 13351 Riverside Drive, D-495, Sherman Oaks, California, and using a
4 web address on the Internet of www.firsttakempg.com.

5 2. At all relevant times, Robin Spero (“Spero”) was also Manager of Mikey and Dolores Screen
6 Partners.

7 3. At all relevant times, Gary Arnold, also known as Gary Aronavitch, Gary Richard Arnold,
8 Gary Aronavitch, and Gary Duncun (“Arnold”), was Executive Producer for the film Mikey and
9 Dolores, later titled “Baby O”, a purported motion picture by Mikey and Dolores Screen Partners.

10 4. At all relevant times, First Take Productions, Inc., also doing business as First Take Motion
11 Picture Group (“First Take”), a California corporation using the addresses of 11434 Ventura Blvd.,
12 Suite 100, Studio City, California and 13351 Riverside Drive, #D-495, Sherman Oaks, California,
13 and using a web address on the Internet of www.firsttakempg.com, was hired by Mikey and Dolores
14 Screen Partners along with Fliegel, Arnold, Spero, Lane, Oak, Tennenbaum and Berez to conduct its
15 securities offerings, and provide the services of Fliegel, Arnold, and Spero, to also organize the
16 company, who each also worked for First Take Productions as its Business Manager and Chief
17 Financial Officer, President, and Business Manager and Chief Financial Officer respectively.

18 5. Beginning around November 1, 2008, and at all relevant times, Bryan Hughes, (“Hughes”),
19 President and CEO of Big Gunn Entertainment, Inc. a California corporation with the address of
20 16030 Ventura Blvd, Suite 450, Encino, California and using a business address of 15315 Magnolia
21 Blvd., Suite 428, Sherman Oaks, California and using a web address on the Internet of
22 www.biggunnent.com, and Fliegel, also President of Big Gunn Entertainment, and Arnold, Director
23 of Production and Executive Producer of Big Gunn Entertainment, began offering and selling
24 securities in the form of stock and/or promissory notes with a minimum investment of \$60,000 to
25 raise a total of \$840,000, the purpose of which was to complete the post production of Baby O,
26 formally known as Mikey and Dolores. Investors are told that the existing shareholders and founders
27 of Big Gunn Entertainment “own the majority” of its “capital stock” and retain control and influence
28 of the company’s operations, and that new investors will share in the return on proceeds from the

1 motion picture on an equal basis. Investors are told that Big Gunn Entertainment is the companion
2 entity to “Mikey and Dolores, LLC”, which did not raise the capital necessary to complete post-
3 production and advertising for the movie Baby O and that along with First Take, it will release the
4 movie.

5 6. At all relevant times, Scott Lane (“Lane”), was a sales agent and Co-Executive Producer of
6 First Take.

7 7. At all relevant times, Patrick Oak (“Oak”) was a sales agent and Co-Executive Producer of
8 First Take.

9 8. At all relevant times, Steven Berez (“Berez”) was a Co-Executive Producer and sales agent of
10 First Take.

11 9. At all relevant times, Adam Tennenbaum (“Tennenbaum”) was a sales agent for First Take.

12 10. Beginning in or about September 15, 2006, Fliegel, Arnold, Spero, Micky and Dolores Screen
13 Partners, First Take, Lane, Oak and Big Gunn Entertainment offered or sold securities in the form of
14 units of limited liability interests of Mikey and Dolores Screen Partners.

15 11. Through cold-calling, and other means of general solicitation, Fliegel, Arnold, Spero, Micky
16 and Dolores Screen Partners, First Take, Lane, Oak and Big Gunn Entertainment offered or sold 194
17 units of limited liability interests in Mikey and Dolores Screen Partners at \$60,000.000 per unit to
18 raise \$11,640,000.

19 12. The purported purpose of the offering was to raise funds to develop, produce and license for
20 profit a full length feature film, including a film titled Mikey and Dolores, and to earn revenue from
21 the sale, distribution and licensing of the film in the United States and in international markets.

22 Investors were also told that First Take would provide periodic cash distributions to member from the
23 proceeds of revenue earned from the sale, distribution and licensing of film on a worldwide basis.

24 Investors are told that the cash available for distribution by Mikey and Dolores Screen Partners will
25 first be distributed 80% among all members, pro rata in accordance with their relative Participation
26 Percentages, and 20% to the manager until Members receive cash distributions equal to 125% of their
27 Capital Contribution, then, 50% among all Members in accordance with the relative participation
28 Percentages, and 50% to the Manager. Investors are told that the Manager for Mikey and Dolores

1 Screen Partners is given the exclusive and complete discretion to manage and control the business
2 and affairs of the company.

3 13. Mikey and Dolores Screen Partners employed Fliegel, Arnold, Spero, First Take, Lane, Oak,
4 Berez and Tennenbaum to solicit potential investors through cold-calling or other means of general
5 solicitation. Fliegel, Arnold, Spero, First Take, Lane, Oak, Berez and Tennenbaum were engaged in
6 the business of effecting transactions in securities for the account of others in the State of California.

7 14. These securities were offered or sold in this state in issuer transactions. The Department of
8 Corporations has not issued a permit or other form of qualification authorizing any person to offer
9 and sell these securities in this state.

10 15. In connection with these offers and sales, Fliegel, Arnold, Spero, Micky and Dolores Screen
11 Partners, First Take, Lane, Oak, Lane, Tennenbaum, Berez, Hughes and Big Gunn Entertainment
12 misrepresented to investors and/or omitted to tell that:

13 a. Fliegel has a history of judgments and liens and a bankruptcy, including a November
14 2, 1999 bankruptcy in connection with Reel Sound Studio and The Sound Stage, of which he was the
15 managing member, a small claims judgment for \$665 filed in December of 1996, a small claims
16 judgment for \$5,000 filed in April, 1994, a judgment lien for \$552 filed in March, 2006, and a small
17 claims judgment filed in September, 1996 for \$1,068;

18 b. Spero filed for bankruptcy and was discharged on November 29, 2005;

19 c. On May 6, 2009, Arnold filed for Chapter 7 bankruptcy;

20 d. Arnold has a history of dishonest behavior and criminal convictions, including but not
21 limited to, using other names, birth date, and/or a social security number to avoid credit problems or
22 to obtain a driver's license due to having a suspended driver's license. Arnold's prior convictions
23 include, but are not limited to, issuing checks for insufficient funds dating back to 1977 where he was
24 sentenced to Chino State Prison and served 28 months, a conviction for insufficient funds in April,
25 1988, and another insufficient funds conviction in February, 1991, as well as being convicted for
26 grand theft of property and making false financial statements in March, 1991.

27 e. A number of different lawsuits were initiated against and among the principals during
28 the raising of investor funds and/or relating to the working relationships among them including:

1 I. a lawsuit filed in the Los Angeles Superior Court on June 29, 2007, case number LC
2 078389, against Arnold and First Take on June 29, 2007 for violations including fraud;

3 II. a lawsuit filed in the Los Angeles Superior Court on September 24, 2007, case number
4 LC 079181, against Arnold and First Take for violations including fraud;

5 III. a lawsuit filed in the Los Angeles Superior Court on December 12, 2008, case number
6 BC 403782, against Arnold, Berez, Spero and First Take; a lawsuit filed in the Los Angeles Superior
7 Court on July 30, 2008, case number BC 395418 against Arnold and First Take, a lawsuit filed in the
8 Los Angeles Superior Court on September 24, 2007, case number LS 016562, by Spero against
9 Arnold, a lawsuit filed in the Los Angeles Superior Court on November 1, 2007, case number LC
10 079585, by Arnold and First Take against Berez, Spero, and Tenenbaum among others, a lawsuit
11 filed by Arnold and First Take in the United States District Court, Central District of California on
12 March 27, 2008, case number 2:08cv2041, against Berez, Spero, and Tenenbaum, among others, a
13 lawsuit filed in the Los Angeles Superior Court on October 23, 2007, case number BC 379547,
14 against Lane, Arnold, First Take, among others for intentional fraud, conspiracy to commit fraud,
15 fraudulent inducement, negligent misrepresentation, and unlawful, unfair and fraudulent business
16 practices, in part, which resulted in a default entered against Lane, Arnold and First Take, and others,
17 on February 25, 2008.

18 f. Arnold and First Take were found jointly and severally liable on April 23, 2009 in
19 consolidated case numbers LC 078389, Reyes vs. Arnold and First Take Productions, Inc., and case
20 number LC079181, Edwards vs. Arnold and First Take Productions, Inc. In the case of Reyes,
21 Arnold and First Take were found jointly and severally liable for compensatory damages for
22 \$211,212.00 plus prejudgment interest in the amount of \$26,464.93, punitive damages in the amount
23 of \$250,000, general damages for \$100,000 plus prejudgment interest for \$12,530, with the
24 compensatory and general damages found as debts for money, property and/or services obtained by
25 false pretense, false representations and/or actual fraud. In the case of Edwards, Arnold and First
26 Take were found jointly and severally liable for fraud in the amount of \$162,200 in compensatory
27 damages plus prejudgment interest in the amount of \$17,485.16, and general damages for intentional
28 infliction of emotional distress in the amount of \$100,000 plus prejudgment interest in the amount of

1 \$10,780. The court also found general damages for \$20,000 and punitive damages for \$20,000 plus
2 prejudgment interest on the general damages for \$2,156 for intrusion into right of privacy, \$217,800
3 in compensatory damages, \$250,000 in general damages, \$250,000 in punitive damages and
4 prejudgment interest for \$23,487.84 on the compensatory damages and \$26,950 on the general
5 damages for sexual harassment, \$217,800 in compensatory damages, \$250,000 in general damages,
6 \$250,000 in punitive damages and prejudgment interest for \$23,478.84 on the compensatory damages
7 and \$26,950 on the general damages for wrongful termination. The court found that all
8 compensatory and general damages are money, property and/or services obtained by false pretenses,
9 false representations and/or actual fraud.

10 The court there also enjoined Arnold for the next ten (10) years in California from directly or
11 indirectly:

12 I.) raising any money over the telephone or any other means of communication in order to
13 finance any venture in which Arnold a) has any influence whatsoever in the hiring or firing of
14 employees, consultants or independent contractors, b) has any ownership interest whether direct,
15 indirect or beneficial, or c) depends in any respect upon the talent, veracity, honesty or experience of
16 Arnold.

17 II.) participating in any human resources function, including the hiring, firing, evaluation,
18 training, promotion, demotion assignment, reassignment, or supervision of any employees,
19 consultants or independent contractors.

20 III.) borrowing money from any source whatsoever or from combining in any venture,
21 partnership, corporation, LLC, LLP, LP or other business entity of fewer than 50 members or
22 shareholders without making full disclosure to all other members and shareholders of both the
23 following facts: A) Arnold's full and complete criminal history and B) this Judgment.

24 IV.) conveying, or in any manner disposing of, any interest in First Take without a prior order
25 of this court.

26 V.) conveying, or in any manner disposing of, any film or any interest in any film produced
27 by First Take without a prior order of this court.

28 The court also enjoined First Take, its successors and all affiliates in which First Take may

1 own a majority interest, from doing any of the following in California, directly or indirectly, unless
2 the court first finds that First Take has established an independent board of Directors, has hired a
3 qualified human resources department or manager, has engaged in a qualified in-house counsel on a
4 full-time basis, has engaged a qualified CPA, has set up internal controls to prevent executives from
5 looting the company, and has set up legal controls to prevent the violation of securities laws:

6 I.) From raising any funds to produce films, II.) From paying any legal fees incurred by
7 Arnold or any retainers on behalf of Arnold. III.) From hiring any employees, consultants or
8 independent contractors, IV.) From advertising or soliciting for investors, employees, consultants or
9 independent contractors. V.) From indemnifying Arnold for any acts whatsoever, VI.) From
10 conveying any interest in, or in any manner disposing, of any of its assets without prior approval of
11 this court.

12 The court also ordered First Take and Arnold, jointly and severally, to submit to the court an
13 accounting of all funds received from investors, from whom received, when said funds were received,
14 and all expenditures, the business purpose of each expenditure and the balance of cash on hand.

15 The court also ordered First Take and Arnold , jointly and severally, to pay plaintiffs their
16 attorneys' fees in the amount of \$162,020.90.

17
18 Based upon the foregoing findings, the California Corporations Commissioner is of the
19 opinion that the units of limited liability interests of Mikey and Dolores Screen Partners, LLC and the
20 stock and/or promissory notes in Big Gunn Entertainment, Inc. are securities subject to qualification
21 under the California Corporate Securities Law of 1968 and are being or have been offered or sold
22 without being qualified in violation of Corporations Code section 25110. Pursuant to section 25532
23 of the Corporate Securities Law of 1968, Eric Fliegel, Robin Spero, Gary Arnold, also known as
24 Gary Aronavitch, Gary Richard Arnold, Gary Arnold Aronavitch and Gary Duncun, Scott Lane,
25 Patrick Oak, Adam Tennenbaum, Steven Berez, Mikey and Dolores Screen Partners, LLC, and First
26 Take Productions, Inc. also doing business as First Take Motion Picture Group, are hereby ordered to
27 desist and refrain from the further offer or sale in the State of California of securities, including but
28 not limited to units of limited liability interests, unless and until qualification has been made under

1 the law, or unless exempt, and that Bryan Hughes, Eric Fliegel, Gary Arnold, also known as Gary
2 Aronavitch, Gary Richard Arnold, Gary Arnold Aronavitch and Gary Duncun, and Big Gunn
3 Entertainment, Inc. are also hereby ordered to desist and refrain from the further offer or sale in the
4 State of California of securities, including but not limited to stock and/or promissory notes, unless
5 and until qualification has been made under the law.

6
7 In addition, based upon the foregoing, the California Corporations Commissioner is of the
8 opinion that Fliegel, Spero, Arnold, Lane, Oak, Tennenbaum, Berez, and First Take have effected
9 transactions in securities as broker-dealers without having first applied for and secured from the
10 Commissioner a certificate, authorizing these person(s) to act in that capacity, in violation of section
11 25210 of the Corporate Securities Law of 1968. Pursuant to section 25532 of the Corporate
12 Securities Law of 1968, Eric Fliegel, Robin Spero, Gary Arnold, also known as Gary Aronavitch,
13 Gary Richard Arnold, Gary Arnold Aronavitch and Gary Duncun, Scott Lane, Patrick Oak, Adam
14 Tennenbaum, Steven Berez, and First Take Productions, Inc. also doing business as First Take
15 Motion Picture Group are hereby ordered to desist and refrain from effecting any transaction in, or
16 inducing or attempting to induce the purchase or sale of, any security in this state, unless and until
17 they have applied for and secured from the Commissioner a certificate, then in effect, authorizing
18 these persons to act in that capacity, or unless exempt.

19
20 Further, the California Corporations Commissioner is of the opinion that the securities of
21 Mikey and Dolores Screen Partners and Big Gunn Entertainment were offered or sold in this state by
22 means of written or oral communications which included an untrue statement of a material fact or
23 omitted to state a material fact necessary in order to make the statements made, in the light of the
24 circumstances under which they were made, not misleading, in violation of section 25401 of the
25 Corporate Securities Law of 1968. Pursuant to section 25532 of the Corporate Securities Law of
26 1968, Eric Fliegel, Robin Spero, Gary Arnold, also known as Gary Aronavitch, Gary Richard Arnold,
27 Gary Arnold Aronavitch and Gary Duncun, Scott Lane, Patrick Oak, Adam Tennenbaum, Steven
28 Berez, Mikey and Dolores Screen Partners, LLC, First Take Productions, Inc. also doing business as

1 First Take Motion Picture Group, Bryan Hughes, and Big Gunn Entertainment, Inc. are hereby
2 ordered to desist and refrain from offering or selling or buying or offering to buy any security in the
3 State of California, including but not limited to units of limited liability interests of Mikey and
4 Dolores Screen Partners, LLC and stock in Big Gunn Entertainment, Inc., by means of any written or
5 oral communication which includes an untrue statement of a material fact or omits to state a material
6 fact necessary in order to make the statements made, in the light of the circumstances under which
7 they were made, not misleading.

8

9 This Order is necessary, in the public interest, for the protection of investors and consistent
10 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

11 Dated: May 24, 2012
12 Sacramento, California

13

JAN LYNN OWEN
California Corporations Commissioner

14

15

16

By _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division

17

18

19

20

21

22

23

24

25

26

27

28