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10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

12 In the Matter of)
13 THE COMMISSIONER OF BUSINESS)
14 OVERSIGHT,)
15 Complainant,)
16 v.)
17 Joseph Guinan,)
18 Ghost Aliens, LLC, and)
19 A1UC, LLC)
20 Respondents.)

FINAL ORDER LEVYING
ADMINISTRATIVE PENALTIES PURSUANT
TO CORPORATIONS CODE SECTION 25252

21 TO: Joseph Guinan,
22 Ghost Aliens, LLC, and
23 2531 Jefferson Street, Northeast, Suite 140
Albuquerque, New Mexico 87110

24 1. On June 28, 2013 the Department of Corporations (now the Department of Business
25 Oversight as of July 1, 2013), for the State of California, brought an action to issue an order levying
26 administrative penalties pursuant to Corporations Code section 25252 on Respondents, Joseph
27 Guinan, Ghost Aliens, LLC, and A1UC, LLC.

28 2. At all relevant times herein, Joseph Guinan (“Guinan”), as well as Ghost Aliens, LLC and

1 A1UC, LLC, both New Mexico Domestic Limited Liability Companies, were doing business at 2531
2 Jefferson Street, Northeast, Suite 140, Albuquerque, New Mexico, 87110.

3 3. Guinan, Ghost Aliens, LLC, and A1UC, LLC are herein collectively referred to as
4 “Respondents.”

5 4. Whenever reference is made in this Final Order to “Respondents” doing any act, the
6 allegation shall mean the act of each respondent acting individually, jointly and severally.

7 5. On or about December 2, 2012, Respondents, by way of an issuer transaction, offered to C.S.
8 (“Investor”), a California resident, securities in the form of an interest in their proposed film project,
9 “Ghost Aliens”. The purpose of the offering was to seek funding for the film project and generate
10 revenue through distribution and profits resulting from the marketing of that film.

11 6. Investor had no pre-existing relationship with Respondents and was not an accredited
12 purchaser.

13 7. Respondents offered C.S. a five percent (5%) share in the profits from the film of up to one
14 hundred thousand dollars (\$100,000) “and up to 10 Points of 100 Points on Ghost Aliens, LLC”.
15 This return was for investments of one thousand dollars (\$1,000) to two million dollars (\$2,000,000).
16 Respondents sent Investor a “Ghost Aliens Proposal” to this effect.

17 8. The shares offered by Respondents are securities subject to qualification under the California
18 Corporations Code (“Corporations Code”).

19 9. In connection with the offer and sale of these securities, Respondents, made, or caused to be
20 made, misrepresentations of material fact or omitted to state material facts necessary in order to
21 make the statements made, in the light of the circumstances under which they were made, not
22 misleading. Respondents omitted to inform Investor that the Commissioner issued a desist and
23 refrain order (“2012 Order”) against Joseph Guinan and his company, White Buffalo New Media, on
24 April 23, 2012, prohibiting them from offering or selling securities in the State of California unless
25 and until qualification has been made under this law or unless exempt.10. On April 23, 2012, the
26 Commissioner issued the 2012 Order against Respondent Guinan as a result of the offer of
27 unqualified, nonexempt securities in the form of interests or “Points” in Limited Liability

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1 partnerships involved in the development of various film production projects in violation of
2 Corporations Code section 25110.

3 11. The 2012 Order prohibits Guinan from further offering or selling securities in the State of
4 California unless and until qualification has been made under this law or unless exempt.

5 12. The 2012 Order was personally served on Guinan on July 5, 2012.

6 13. Respondents violated the 2012 Order in the following ways:

7 a) By offering, on or around December 2, 2012 (only five months after the 2012 Order was
8 served on Respondent Guinan), securities to the non-accredited Investor. These securities were not
9 qualified or exempt from qualification.

10 b) Following the issuance and service of the 2012 Order, Respondents failed to disclose to
11 Investor that they were subjects of the 2012 Order.

12 14. On September 18, 2013, the Commissioner served Respondents with copies of the following
13 documents: (1) Notice of Intention to enter Order Levying Administrative Penalties Pursuant to
14 Corporations Code Section 25252; (2) Statement in Support of Order and Desist and Refrain Order;
15 (3) Statement to Respondents; (4) Notice of Defense; and (5) Government Code sections 11507.5,
16 11507.6 and 11507.7.

17 15. After appropriate notice and opportunity to be heard, Respondents have not requested a
18 hearing on this matter.

19 16. California Corporations Code section 25252 authorizes the Commissioner to issue an order
20 levying administrative penalties against any person for willful violations of any provision of the
21 Corporations Code and any rules promulgated thereunder.

22 17. Based on the foregoing findings of fact, Respondents willfully violated the following
23 provisions:

24 a) Corporations Code section 25110 by offering securities that are not qualified by the
25 Department or exempt;

26 b) Corporations Code section 25401 by making untrue statements in association with
27 the offer of securities;

28 c) The 2012 Order issued by the Commissioner as a result of the offer of securities that

1 are not qualified by the Department or exempt.

2 18. **WHEREFORE**, good cause showing, and pursuant to Corporations Code section 25252,
3 the Commissioner enters this final order levying administrative penalties in the amount of three
4 thousand dollars (\$3,000), against Respondents, jointly and severally due and payable 30 days
5 from the date of this Order.

6 19. Based on the foregoing findings of fact, Respondents offered, by means of fraud, unqualified,
7 nonexempt securities to a California investor in violation of Corporations Code sections 25110,
8 25401, and the 2012 Order.

9 The Commissioner finds that each of the above enumerated matters provide an independent
10 basis under California Corporations Code section 25252, justifying the issuance of an Order
11 levying administrative penalties in the amount of \$3,000.00 jointly and severally against
12 Respondents due and payable 30 days from the date of this Order. Payment should be made to the
13 order of the Commissioner of Business Oversight and mailed to The Department of Business
14 Oversight, ATTN: Joanne Ross - ENF, 1515 K Street, Suite 200, Sacramento, California 95814.
15 Based upon the foregoing, the Commissioner finds it is in the public interest to enter this final
16 Order.

17 NOW THEREFORE, GOOD CAUSE SHOWING, IT IS HEREBY ORDERED that Joseph
18 Guinan, Ghost Aliens, LLC and A1UC, LLC, jointly and severally, pay administrative penalties in
19 the amount of \$3,000.00 due and payable 30 days from the date of this Order.

20 This order is effective immediately.

21 Dated: November 27, 2013

22 JAN LYNN OWEN
23 Commissioner of Business Oversight

24 By: _____
25 MARY ANN SMITH
26 Deputy Commissioner
27 Enforcement Division
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