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STATE OF CALIFORNIA
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF BUSINESS OVERSIGHT

TO: ClickN Kids, Inc.
Armyn Carabet
Alan Scalone
318 North Carson Street, Suite 208
Carson City, Nevada 89701

5737 Kanan Road, #107
Agoura Hills, CA 91301

DESIST AND REFRAIN ORDER
(For violations of sections 25110 and 25401 of the Corporations Code)

The Commissioner of Business Oversight finds that:

1. At all relevant times, ClickN Kids, Inc. (“ClickN Kids”) is, or was, a Nevada corporation formed on May 16, 2003 with a registered place of business located at 318 North Carson Street, Suite 208, Carson City, Nevada 89701. ClickN Kids maintains a website at www.clicknkids.com. ClickN Kids develops, licenses, and markets educational software programs for children including, but not limited to: “CLICKN READ PHONICS”; “CLICKN SPELL”; and “LOONEY TUNES PHONICS.”
2. At all relevant times, Armyn Carabet (“Carabet”) is, or was, the founder and chief executive officer of ClickN Kids.
3. At all relevant times, Alan Scalone (“Scalone”) is, or was, a co-founder and secretary of ClickN Kids.
4. Beginning in or about April 2005 to at least January 2014, ClickN Kids, Carabet, and Scalone offered and sold securities in the form of common stock in ClickN Kids to at least 261 investors.
5. Carabet and Scalone offered and sold ClickN Kids’ stock to certain prospective investors through a team of ClickN Kids’ personnel described as “Investor Relations Personnel.”

1 Carabet and Scalone claimed that the Investor Relations Personnel solicited either persons with
2 whom there was a prior existing relationship or persons they reasonably believed were accredited
3 investors who had expressed interest in investing in ClickN Kids. However, the Commissioner’s
4 inquiry disclosed that ClickN Kids personnel solicited investors by means which included general
5 solicitations--by placing telephone calls in some cases to investors with whom ClickN Kids and their
6 officers had no pre-existing relationship and who were in some cases not accredited investors.

7 6. These securities were offered or sold in the state in issuer transactions. The
8 Department has not issued a permit or other form of qualification authorizing any person to offer or
9 sell these securities in this state. The offer or sale of these securities is not exempt under the CSL.

10 7. In or about September 2013, ClickN Kids filed a Notice of Transaction with the
11 Department claiming that the offerings were exempt pursuant to CSL section 25102(f). However,
12 this exemption was unavailable to ClickN Kids because ClickN Kids, Carabet, and Scalone solicited
13 investors by means that included general solicitations—by placing telephone calls in some cases to
14 investors with whom ClickN Kids, Carabet, and Scalone had no pre-existing relationship and who
15 were in some cases not accredited investors.

16 8. ClickN Kids, Carabet, and Scalone also offered and sold securities by means of
17 written and oral communications to prospective investors that omitted what the Department deems to
18 be a material fact necessary in order to make the other statements made, in light of the circumstances
19 under which they were made, not misleading. The material omission was failing to inform
20 prospective investors that on February 6, 2002, slightly more than a year before the formation of
21 ClickN Kids, the Pennsylvania Securities Commission issued a Cease and Desist Order against
22 Carabet, Scalone, and Academy One, Inc. (a California corporation that Carabet and Scalone
23 controlled at the time), directing them to cease and desist from offering and selling unregistered
24 securities by unregistered agents in Pennsylvania.

25 Based on the foregoing findings, the Commissioner of Business Oversight is of the opinion
26 that the stock that ClickN Kids, Carabet and Scalone sold to investors are securities subject to
27 qualification under the California Corporate Securities Law of 1968 (“CSL”) and are being or have
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1 been offered or sold without being qualified or exempt, in violation of Section 25110 of the CSL.
2 Pursuant to Section 25532 of the CSL, ClickN Kids, Inc., Armyr Carabet, and Alan Scalone are
3 hereby ordered to desist and refrain from the further offer or sale in the State of California of
4 securities, including, but not limited to common stock of ClickN Kids, Inc., unless and until
5 qualification has been made under said law or unless exempt.

6 Further, the Commissioner of Business Oversight is of the opinion that ClickN Kids, Inc.,
7 Armyr Carabet, and Alan Scalone sold and offered the securities in this state by means of written or
8 oral communications that omitted to state a material fact necessary in order to make the other
9 statements made, in the light of the circumstances under which they were made, not misleading, in
10 violation of section 25401 of the CSL.

11 Pursuant to section 25532 of the CSL, ClickN Kids, Inc., Armyr Carabet, and Alan Scalone
12 are hereby ordered to desist and refrain from offering or selling any security in the State of
13 California, including, but not limited to, common stock of ClickN Kids. Inc., by means of any written
14 or oral communication which includes an untrue statement of a material fact or omits to state a
15 material fact necessary in order to make the statements made, in the light of the circumstances under
16 which they were made, not misleading.

17 This Order is necessary, in the public interest, for the protection of investors and consistent
18 with the purposes, policies, and provisions of the CSL.

19 Dated: July 5, 2016
Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

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22 By _____
23 MARY ANN SMITH
24 Deputy Commissioner
25 Enforcement Division
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