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

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

14 Plaintiff,

15 vs.

16
17 ALPINE PICTURES, INC., a California
corporation; DOROTHY OF OZ, LLC, dba
18 BOX OFFICE PRODUCTIONS III, LLC, a
California limited liability company; RYAN
19 CARROLL, an individual; RENE TORRES, an
20 individual; and NEIL KAUFMAN, an
individual,

21 Defendants.
22

Case No.: BC460553

**STIPULATION TO ENTRY OF FINAL
JUDGMENT OF PERMANENT
INJUNCTION, CIVIL PENALTIES, AND
ANCILLARY RELIEF BETWEEN
PLAINTIFF AND DEFENDANTS**

23 It is hereby stipulated by and between Plaintiff the People of the State of California, by and
24 through the California Corporations Commissioner (“Plaintiff” or the “Commissioner”) and
25 Defendants Alpine Pictures, Inc. (“Alpine Pictures”); Dorothy of Oz, LLC, dba Box Office
26 Productions III, LLC (“Dorothy of Oz”); Ryan Carroll; Rene Torres; and Neil Kaufman
27 (collectively, “DEFENDANTS”), as follows:

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

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

5 3. DEFENDANTS have read the Complaint for Permanent Injunction, Civil Penalties,
6 and Ancillary Relief (hereinafter "Complaint"); this Stipulation to Entry of Final Judgment of
7 Permanent Injunction, Civil Penalties, and Ancillary Relief Between Plaintiff and DEFENDANTS
8 (hereinafter "Stipulation"); and the proposed Final Judgment of Permanent Injunction, Civil
9 Penalties, and Ancillary Relief Against DEFENDANTS (hereinafter "Final Judgment"), attached
10 hereto as Exhibit 1.

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

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

20 6. If any paragraph, clause, or provision of this Stipulation or of the Final Judgment
21 entered thereto, or the application thereof, is held invalid or unenforceable, such decision shall
22 affect only the paragraph, clause or provisions so construed or interpreted, and the invalidity shall
23 not affect the provisions of the application of this Stipulation, or of the Final Judgment entered
24 thereto, which can be given effect without the invalid provisions or application, and to this end,
25 the provisions of the Stipulation, and of the Final Judgment entered thereto, are declared by
26 Plaintiff and DEFENDANTS to be severable.

27 7. This Stipulation may be executed in one or more separate counterparts, each of
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1 which when so executed, shall be deemed an original. Such counterparts shall together constitute
2 and be one and the same instrument.

3 8. DEFENDANTS stipulate and agree that a Final Judgment as specified herein may
4 be entered against them. DEFENDANTS enter into this Stipulation voluntarily and without
5 coercion, and acknowledge that no promises, threats, or assurances have been made by Plaintiff or
6 any agents, officers, or employees thereof to induce them to enter into this Stipulation.

7 9. Plaintiff alleges the following:

8 a. At all relevant times, Alpine Pictures was a California corporation with a
9 principal place of business in Los Angeles County. During the relevant times,
10 Ryan Carroll was the Chief Executive Officer of Alpine Pictures. At all relevant
11 times, Rene Torres and Neil Kaufman offered and sold securities on behalf of
12 Alpine Pictures.

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

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

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

20 e. Beginning in 2006 and continuing to the present, Dorothy of Oz and
21 Kaufman have offered and sold interests in Dorothy of Oz to residents of California
22 and elsewhere.

23 f. The investments offered and sold by DEFENDANTS are “securities” within
24 the meaning of California Corporations Code (“Corporations Code”) section
25 25110. They were offered and sold in “issuer transactions” within the meaning of
26 Section 25110.

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

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

6 i. DEFENDANTS offered and sold securities to California residents by means
7 of general solicitation.

8 j. In 1999, Alpine Pictures and Carroll were permanently enjoined by the Los
9 Angeles County Superior Court from offering or selling unqualified, non-exempt
10 securities, in violation of Corporations Code section 25110, and from making
11 misrepresentations or omissions of material fact in violation of Corporations Code
12 section 25401.

13 k. After 1999, Alpine Pictures, Carroll, Torres, and Kaufman continued to
14 offer and sell securities to some California residents without disclosing that in
15 1999, the Los Angeles Superior Court had entered a final judgment of permanent
16 injunction against Defendants Alpine Pictures and Ryan Carroll, enjoining them
17 from further violating Corporations Code sections 25110 and 25401. Further,
18 Alpine Pictures, Carroll, Torres, and Kaufman offered and sold securities to some
19 California residents without disclosing that in 2004, the Wisconsin Department of
20 Financial Institutions, Division of Securities, had issued a Petition for Order and
21 Order of Prohibition and Revocation against Defendants Alpine Pictures, Ryan
22 Carroll, and Rene Torres for selling unregistered securities in violation of
23 Wisconsin law.

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

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

5 10. DEFENDANTS neither admit nor deny the foregoing allegations.

6 THE PARTIES HERETO STIPULATE TO THE ENTRY OF A FINAL JUDGMENT
7 PROVIDING THAT:

8 1. DEFENDANTS and their agents, employees, attorneys in fact in their capacities as
9 such, and all persons and entities acting in concert or participating with them, shall be and are
10 hereby permanently enjoined from engaging in, committing, aiding and abetting, substantially
11 assisting, or performing directly or indirectly, by any means whatsoever, any of the following acts:

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

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

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

11 2. Dorothy of Oz shall offer to repurchase all securities it sold to California residents
12 between November 23, 2009 and January 31, 2011, inclusive, and shall repurchase the securities as
13 to every purchaser who accepts the repurchase offer, on the following terms and conditions:

14 a. Pursuant to Corporations Code section 25507, subd. (b), and California Code of
15 Regulations ("Code of Regulations") section 260.507, with respect to all California
16 residents who purchased a security issued by Dorothy of Oz between November 23,
17 2009 and January 31, 2011, Dorothy of Oz shall offer to repurchase the security or
18 offer to rescind the transaction. Pursuant to Corporations Code section 25507(b),
19 and Code of Regulations section 260.507, Dorothy of Oz shall submit an
20 application for approval as to form of an offer to repurchase securities to the
21 Securities Regulation Division of the Department of Corporations within thirty (30)
22 days after the Court's entry of final judgment. Dorothy of Oz shall complete the
23 repurchase offer and repurchase the securities or rescind the transaction as to all
24 eligible California residents who accept the repurchase offer, pursuant to
25 Corporations Code section 25507(b), and Code of Regulations section 260.507.

26 b. The offer shall be accompanied by the information required under Corporations
27 Code section 25507 and Code of Regulations section 260.507, including, but not
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1 limited to, a disclosure informing the offeree of the allegations made in the
2 Complaint, that Dorothy of Oz and Neil Kaufman neither admit nor deny the
3 allegations, and describing the current status of Dorothy of Oz's business
4 operations.

- 5 c. If Dorothy of Oz fails to comply fully with either Corporations Code section
6 25507(b) or Code of Regulations section 260.507 and, after given adequate
7 opportunity to cure any material issues of noncompliance, such failure results in a
8 repurchase offer not being approved by the Securities Regulation Division or
9 otherwise results in a failure to complete the repurchase offer as described in
10 subparagraph (a) above, Dorothy of Oz and Neil Kaufman shall pay a civil penalty
11 of \$1,250,000.00 to the Department of Corporations and Dorothy of Oz shall
12 repurchase the security in the original principal amount of the investment,
13 including interest of 10% per annum, from all California residents who purchased
14 securities in Dorothy of Oz between November 23, 2009 and January 31, 2011. If
15 Dorothy of Oz fails to complete the repurchase offer, Dorothy of Oz and Neil
16 Kaufman shall be jointly and severally liable for the civil penalty of \$1,250,000.00.

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

20 a. The civil penalty shall be payable in four quarterly installments of
21 \$25,000.00 each. The due dates of the installment payments are as follows: July
22 31, 2011; October 31, 2011; January 31, 2012; and April 30, 2012.

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

26 c. Alpine Pictures, Ryan Carroll, Rene Torres, and Neil Kaufman shall be
27 jointly and severally liable for payment of the civil penalties described in
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1 employees, officers, directors, attorneys, representatives and all other persons or entities acting or
2 purporting to act on their behalf) from any and all claims or causes of action, demands, rights,
3 liabilities, suits, debts, obligations and causes of action of every nature and description
4 whatsoever, based on the facts alleged in the Complaint. DEFENDANTS acknowledge that
5 nothing in this Stipulation or in the Final Judgment in this matter shall preclude the Commissioner
6 or his agents, officers, or employees from initiating any other prosecution based on any other acts
7 by DEFENDANTS not included in the Complaint.

8 8. The parties stipulate and agree that this Court shall retain jurisdiction of this action
9 in order to implement and enforce the terms of this Stipulation and entry of the Final Judgment
10 pursuant thereto, and to entertain any suitable application or motion for additional relief or
11 modification or any order made herein within the jurisdiction of the Court.

12 Plaintiff THE PEOPLE OF THE STATE OF CALIFORNIA,
13 by and through PRESTON DuFAUCHARD, California
14 Corporations Commissioner

15 Dated: 4/15/11

15 By: _____
16 ALAN S. WEINGER
16 Deputy Commissioner

17 Defendants ALPINE PICTURES, INC. and
18 RYAN CARROLL

19 Dated: 4/25/11

19 By: _____
20 RYAN CARROLL

21 Defendant RENE TORRES

22 Dated: 4/25/11

22 _____
23 RENE TORRES

24 Defendants DOROTHY OF OZ, LLC, dba BOX OFFICE
25 PRODUCTIONS III, LLC, and NEIL KAUFMAN

26 Dated: 4/25/11

26 By: _____
27 NEIL KAUFMAN