PRESTON DUFAUCHARD
California Corporations Commissioner
ALAN S. WEINGER
Deputy Commissioner
MARISA I. URTEAGA-WATKINS (SBN236398)
Corporations Counsel
1515 K Street, Suite 200
Sacramento, California 95814
Telephone: (916) 445-9626
Fax: (916) 445-6985

Attorneys for Plaintiff

CONFORMED COPY
ORIGINAL FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF LOS ANGELES

JAN 24 2011

John A. Clarke, Executive Officer/Clerk
By Shaunya Wesley, 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, v. BIG SKY MOTION PICTURES, L.L.C., a California limited liability company; SPRING BREAK '83 PRODUCTION, L.L.C., a California limited liability company; SPRING BREAK '83 DISTRIBUTION, L.L.C., a California limited liability company; SPRING BREAK '83, a business entity of unknown formation; RAND JAY CHORTKOFF a.k.a. GREGORY MARTIN, inclusive, Defendants.	CASE NO.BC453611 **COMPLAINT FOR PERMANENT INJUNCTION; CIVIL PENALTIES AND ANCILLARY RELIEF** VIOLATION OF CALIFORNIA CORPORATIONS CODE SECTION 25110 (UNQUALIFIED SALES OF SECURITIES) VIOLATION OF CALIFORNIA CORPORATIONS CODE SECTION 25401 (OMISSIONS IN THE OFFER AND SALE OF SECURITIES) VIOLATION OF DESIST AND REFRAIN ORDER ISSUED BY THE CALIFORNIA CORPORATIONS COMMISSIONER

///

State of California - Department of Corporations

///

PRESTON DUFAUCHARD, California Corporations Commissioner ("Commissioner"), acting to protect the public from unlawful offers and sales of unqualified securities by Defendants, brings this action in the public interest in the name of the People of the State of California. The People of the State of California allege as follows:

JURISDICTION AND VENUE

1. The Commissioner brings this action to enjoin Big Sky Motion Pictures, L.L.C., Spring Break '83 Production, L.L.C., Spring Break '83 Distribution, L.L.C., Spring Break '83, Rand Jay Chortkoff a.k.a. Gregory Martin (collectively, "DEFENDANTS") from violating the provisions of the California Corporate Securities Law of 1968 ("CSL") (California Corporations Code section 25000 *et seq*.) and to request necessary equitable and ancillary relief. The Commissioner is authorized to administer and enforce the provisions of the CSL and the regulations thereunder at Title 10, California Code of Regulations. ("CCR").

2. The Commissioner brings this action pursuant to California Corporations Code section 25530 and California Government Code section 11180 *et seq*. in his capacity as head of the California Department of Corporations.

3. DEFENDANTS, and each of them, have transacted business within Los Angeles County and other counties in California. The violations of law described herein have occurred and will continue to occur, unless enjoined, within Los Angeles County and elsewhere within the State of California.

DEFENDANTS

4. DEFENDANT Big Sky Motion Pictures, L.L.C. ("Big Sky") is or has been a California limited liability company with its principal place of business located at 650 N. Bronson Avenue, Suite B-128, Los Angeles, California 90004 and doing business in California. Big Sky is primarily in the business of motion picture production.

5. DEFENDANT Spring Break '83 Production, L.L.C. is a California limited liability company with its principal place of business also at 650 N. Bronson Avenue, Suite B-128, Los

State of California - Department of Corporations

Angeles, California 90004 and is doing business in California. DEFENDANT Spring Break ’83 Distribution L.L.C. is also a California limited liability company with its principal place of business also at 650 N. Bronson Avenue, Suite B-128, Los Angeles, California 90004 and is doing business in California. Spring Break ’83 Production, L.L.C. has or does participate in film production partnership(s) with Spring Break ’83 Distribution, L.L.C. (herein, collectively, “Spring Break”). Spring Break is managed by Big Sky and did or does engage in the development and production of films in the media entertainment industry throughout the State of California.

6. Beginning in or about 2007, Big Sky participated as partner and promoter of the development and production of a film commonly known as “Spring Break ‘83”, (herein “Film”). The Film involved the development and production of a motion picture purportedly concerning adolescent or “teenage” experiences during spring vacation, commonly known as “spring break”.

7. DEFENDANT Rand Jay Chortkoff aka Gregory Martin (“Chortkoff”) is an individual and believed to be a resident of Los Angeles County. Chortkoff was conducting business in the County of Los Angeles and elsewhere within California. Chortkoff is or was a representative of Big Sky, Spring Break, or the Film. Specifically, Chortkoff did or does represent to others that he is the “executive producer” of the Film at all times relevant to this Complaint.

8. Plaintiff is informed and believes and on such information and belief alleges that, at all relevant times, the DEFENDANTS named as officers, directors, agents or employees, acted in such capacities in connection with the acts, practices and schemes of business set forth below.

9. Whenever any allegation is made in this Complaint to "DEFENDANTS" doing any act, the allegation shall mean the act of each individual DEFENDANT acting individually, jointly and severally and the conspiring of these DEFENDANTS to so act. Each DEFENDANT alleged to have committed any act did so pursuant to and in furtherance of a common plan, scheme and conspiracy and as the agent for each and every co-DEFENDANT.

10. Plaintiff is informed and believes and on such information and belief alleges that, at all relevant times, each and every DEFENDANT, directly or indirectly controlled other co-DEFENDANTS by knowingly inducing, or by knowingly providing substantial assistance to other

State of California - Department of Corporations

co-DEFENDANTS, to violate the provisions of the CSL, as alleged in this Complaint within the meaning of California Corporations Code section 25403.

11. Whenever any allegation is made in this Complaint to any of the entity DEFENDANTS doing any act, the allegation shall mean acts done or authorized by the officers, directors, agents, or employees of the corporate DEFENDANTS while actively engaged in the management, direction, or control of the affairs of the corporate DEFENDANTS, and while acting within the course and scope of their employment.

STATEMENT OF FACTS

12. DEFENDANTS violated the CSL beginning in or about October 2007, and continuing thereafter, by offering and selling unqualified, non-exempt securities to members of the public in the form of limited liability company interests in Big Sky or Spring Break.

13. Beginning in or about October 2007, Big Sky, Spring Break, the Film, and Chortkoff, offered and sold securities in the form of limited liability company interests in Big Sky or Spring Break.

14. DEFENDANTS offered and sold the above described limited liability company interests in the State of California to investors by way of making general solicitations through telemarketing or making "cold calls" in California and by distributing offering materials or other communications through the mail.

15. DEFENDANTS offered and sold securities in Big Sky or Spring Break in California to residents of the State of California and elsewhere for the purpose of raising capital to produce entertainment films. Specifically, the purpose of the offerings was to fund the development and production of the Film. In return, investors would recoup their capital investment and receive a percentage return, based on their investment interest, from the profits of the Film.

16. These limited liability company interests were offered or sold in California in issuer transactions. The Department of Corporations has not issued a permit or other form of qualification authorizing any person to offer and sell these limited liability company interests in California. Thus, the interests were sold in violation of California Corporations Code section 25110.

State of California - Department of Corporations

17. In the interest of the public, for the protection of investors and consistent with the purposes, policies, and provisions of the California Corporations Code, a Desist and Refrain Order was issued on March 28, 2008 by Plaintiff against DEFENDANTS for violations of the CSL, pursuant to California Corporations Code section 25532, mandating DEFENDANTS to cease from the offer and sale of unqualified, non-exempt securities to members of the public ("Order"). DEFENDANTS were personally and duly served with the Order on or about April 14, 2008. DEFENDANTS did not request an administrative hearing on the merits of the Order. Therefore, the Order is now final.

18. From or about April 2008 to at least 2010, DEFENDANTS continued to offer and sale unqualified, non-exempt securities in either Big Sky or Spring Break to members of the public, notwithstanding the Order.

19. DEFENDANTS failed to disclose the existence of the Order to investors after April 2008 while engaging in the offer and sale of unqualified, non-exempt securities to members of the public.

FIRST CAUSE OF ACTION
OFFER AND SALE OF UNQUALIFIED, NON-EXEMPT SECURITIES IN VIOLATION OF CALIFORNIA CORPORATIONS CODE SECTION 25110
(Against All DEFENDANTS)

20. The Commissioner incorporates by reference paragraphs 1 through 20 of this Complaint as though fully set forth herein.

21. California Corporations section 25110 provides, in pertinent part, that:

> It is unlawful for any person to offer or sell in this state any security in an issuer transaction . . . unless such sale has been qualified under section 25111, 25112, or 25113 . . . or unless such security is exempted or not subject to qualification under Chapter 1 (commencing with section 25100) of this part.

22. Commencing in or about October, 2007, the DEFENDANTS, and each of them, offered and sold, or conspired with other co-DEFENDANTS, or directly or indirectly controlled other co-DEFENDANTS by knowingly inducing, or by knowingly providing substantial assistance to other co-DEFENDANTS to offer and sell securities in issuer transactions in the state of California.

State of California - Department of Corporations

23. The investments offered and sold by DEFENDANTS, and each of them, are “securities” within the meaning of California Corporations Code section 25019 and case law thereunder. The securities included, but are not limited to, limited liability company interests in Big Sky or Spring Break.

24. The sales referred to herein, were “issuer transactions” within the meaning of California Corporations Code sections 25010 and 25011.

25. DEFENDANTS "offered and sold" the securities referred to herein, "within the state" of California within the meaning of California Corporations Code sections 25008 and 25017.

26. The Commissioner has not issued a permit or other form of qualification authorizing the DEFENDANTS, and each of them, to offer and sell securities referred to herein in the State of California.

27. The offer and sale of securities referred to herein are not exempt from the requirement of qualification under California Corporations Code section 25110.

28. Unless enjoined by this Court, DEFENDANTS and each of them, will continue to violate California Corporations Code section 25110.

SECOND CAUSE OF ACTION
MISREPRESENTATION OR OMISSION OF MATERIAL FACTS IN VIOLATION OF CORPORATIONS CODE SECTION 25401
(Against All DEFENDANTS)

30. Plaintiff incorporates by reference paragraphs 1 through 29 of this Complaint as though fully set forth herein.

31. Corporations Code section 25401 states:

> It is unlawful for any person to offer or sell a security in this state or buy or offer to buy a security in this state by means of any written or oral communication which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

State of California - Department of Corporations

32. In connection with the offer and sale of the securities referred to herein, DEFENDANTS omitted to state a material fact to some or all of the investors from at least April 2008. The omission includes, but is not necessarily limited to, the following:

A. DEFENDANTS omitted to disclose that on March 28, 2008, the California Department of Corporations issued the Order against DEFENDANTS for offering to sell unqualified, non-exempt securities in Big Sky or Spring Break to investors.

33. The omission referred to herein were "material facts" within the meaning of Corporations Code section 25401, because they concerned matters that a "reasonable investor" would consider important in deciding whether to invest.

34. DEFENDANTS' omissions of material fact took place "within the state" of California within the meaning of Corporations Code section 25008.

35. Unless enjoined by this Court, DEFENDANTS will continue to violate Corporations Code section 25401.

THIRD CAUSE OF ACTION
VIOLATION OF PRIOR DESIST AND REFRAIN ORDER ISSUED BY THE COMMISSIONER
(Against All DEFENDANTS)

36. Plaintiff incorporates by reference paragraphs 1 through 35 of this Complaint as though fully set forth herein.

37. Corporations Code section 25530 provides, in pertinent part, as follows:

> (a) Whenever it appears to the commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this division or any rule or order hereunder, the commissioner may in the commissioner's discretion bring an action in the name of the people of the State of California in the superior court to enjoin the acts or practices or to enforce compliance with this law or any rule or order hereunder….

38. On March 28, 2008, the Commissioner issued an Order against DEFENDANTS for violations of the CSL, pursuant to California Corporations Code section 25532, ordering DEFENDANTS to immediately desist and refrain from the further offer or sale in the State of California of securities in the form of limited liability interests in Big Sky or Spring Break, unless

State of California - Department of Corporations

and until qualification has been made under Corporations Code section 25110 or unless exempt. DEFENDANTS were personally and duly served with the Order on or about April 14, 2008. DEFENDANTS did not request an administrative hearing on the merits of the Order. Therefore, the Order is now final.

39. Notwithstanding the receipt and knowledge of the Order, DEFENDANTS, from or about April 2008 to at least 2010, continued to offer and sell securities in the State of California in the form of limited liability interests in Big Sky or Spring Break that were or are not qualified under Corporations Code 25110 or exempt from the requirement of qualification, and as such are in violation of the Order. Unless enjoined by this Court, DEFENDANTS and each of them, will continue to violate the Order.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment against DEFENDANTS BIG SKY MOTION PICTURES, L.L.C., SPRING BREAK '83 PRODUCTION, L.L.C., SPRING BREAK '83 DISTRIBUTION, L.L.C., SPRING BREAK '83, RAND JAY CHORTKOFF a.k.a. GREGORY MARTIN, inclusive, as follows:

I. INJUNCTIVE RELIEF FOR THE VIOLATIONS

For an Order of Permanent Injunction, pursuant to California Corporations Code section 25530, subdivision (a), restraining and enjoining BIG SKY MOTION PICTURES, L.L.C., SPRING BREAK '83 PRODUCTION, L.L.C., SPRING BREAK '83 DISTRIBUTION, L.L.C., SPRING BREAK '83, RAND JAY CHORTKOFF a.k.a. GREGORY MARTIN, inclusive, from, directly or indirectly:

1. Violating California Corporations Code section 25110 by offering to sell, selling, arranging for the sale of, issuing, engaging in the business of selling, or negotiating for the sale of any security of any kind unless such security or transaction is qualified;

2. Violating California Corporations Code section 25401 by offering to sell or selling any security of any kind by means of any written or oral communication which includes any untrue statement of material fact or omits to state any material fact necessary in order to make the statements

State of California - Department of Corporations

made, in the light of the circumstances under which they are made, not misleading; and

3. Violating the Desist and Refrain Order issued on April 28, 2008 by the Commissioner against BIG SKY MOTION PICTURES, L.L.C., SPRING BREAK ’83 PRODUCTION, L.L.C., SPRING BREAK ’83 DISTRIBUTION, L.L.C., SPRING BREAK ’83, RAND JAY CHORTKOFF a.k.a. GREGORY MARTIN.

II. RESCISSION AND RESTITUTION

For a Final Judgment requiring BIG SKY MOTION PICTURES, L.L.C., SPRING BREAK ’83 PRODUCTION, L.L.C., SPRING BREAK ’83 DISTRIBUTION, L.L.C., SPRING BREAK ’83, RAND JAY CHORTKOFF a.k.a. GREGORY MARTIN, inclusive, to rescind each and all of the unlawful transactions alleged in this Complaint, pursuant to California Corporations Code section 25530, subdivision (b), as shall be determined by this Court to have occurred, and further requiring BIG SKY MOTION PICTURES, L.L.C., SPRING BREAK ’83 PRODUCTION, L.L.C., SPRING BREAK ’83 DISTRIBUTION, L.L.C., SPRING BREAK ’83, RAND JAY CHORTKOFF a.k.a. GREGORY MARTIN, to pay full restitution to each person determined to have been subject to acts, practices, or transactions which constitute violations of the Corporate Securities Law of 1968, in an amount of $180,000.00 or according to proof, to six (6) California investors

III. CIVIL PENALTIES

For a Final Judgment requiring BIG SKY MOTION PICTURES, L.L.C., SPRING BREAK ’83 PRODUCTION, L.L.C., SPRING BREAK ’83 DISTRIBUTION, L.L.C., SPRING BREAK ’83, RAND JAY CHORTKOFF a.k.a. GREGORY MARTIN, to pay the Department as a civil penalty for all acts in violation of the Corporate Securities Law of 1968, pursuant to California Corporations Code section 25535, in an amount of $5,000.00.

///

///

///

///

State of California - Department of Corporations

///

///

///

///

///

///

IIV. THIS COURT TO RETAIN JURISDICTION

For an Order that this Court shall retain jurisdiction of this action in order to implement and carry out the terms of all orders and decrees that may be entered herein or to entertain any suitable application or motion by Plaintiff for additional relief within the jurisdiction of this Court.

VI. OTHER RELIEF

For such other and further relief as this Court may deem necessary and proper.

Dated: January 24, 2011

PRESTON DuFAUCHARD
California Corporations Commissioner

By: _____
MARISA I. URTEAGA-WATKINS
Corporations Counsel
Attorney for the People of California

State of California - Department of Corporations