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OF ORIGINAL FILED  
Los Angeles Superior Court

JUN 20 2008

John A. Clarke, Executive Officer/Clerk  
BY SHAUNYA WESLEY, Deputy

14 SUPERIOR COURT OF THE STATE OF CALIFORNIA

15 FOR THE COUNTY OF LOS ANGELES

16 THE PEOPLE OF THE STATE OF  
17 CALIFORNIA, by and through the  
18 CALIFORNIA CORPORATIONS  
19 COMMISSIONER,

20 Plaintiff,

21 vs.

22 ERICK H. HANSEN, as an individual;  
23 MATTHEW RICHMOND, as an individual;  
24 ROB REYNOLDS, as an individual,  
25 BLUERAY TECHNOLOGIES L.L.C.; a  
26 California limited liability company;  
27 BLUE RAY TECHNOLOGIES INC., a  
28 California corporation; and Does 1 through 10,  
inclusive,

Defendants.

Case No.:

BC392972

COMPLAINT FOR INJUNCTIVE RELIEF;  
CIVIL PENALTIES; AND ANCILLARY  
RELIEF (CORPORATIONS CODE  
SECTIONS 25530 & 25535)

UNQUALIFIED OFFER & SALE OF  
SECURITIES (VIOLATIONS OF  
CORPORATIONS CODE SECTION 25110)

FRAUD IN THE OFFER AND SALE OF  
SECURITIES (VIOLATIONS OF  
CORPORATIONS CODE SECTION 25401)

VIOLATION OF DESIST AND REFRAIN  
ORDER ISSUED BY THE COMMISSIONER

29 THE PEOPLE OF THE STATE OF CALIFORNIA, by and through Preston DuFauchard,  
30 California Corporations Commissioner, acting to protect the public from unlawful and fraudulent  
31 sales of securities, bring this action in the public interest. The People of the State of California  
32 allege:

VENUE AND JURISDICTION

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1. The California Corporations Commissioner ("Commissioner") brings this action to enjoin the defendants from violating the Corporate Securities Law of 1968 ("CSL") (California Corporations Code section 25000, et seq.) and to request necessary civil penalties and ancillary relief. The Commissioner is authorized to administer and enforce the provisions of the CSL.

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

3. The Defendants have transacted and continue to transact business within Los Angeles County and throughout the State of California. Defendants have offered securities to at least one resident of Los Angeles County. Further, Defendants have sold securities to at least 12 investors, who the Commissioner believes to be and so alleges on that information and belief, residents of the State of California raising at least \$4,000,000. Further, the Commissioner believes and so alleges on information and belief that Defendants have sold securities to more than 35 investors. In January of 2008 Defendant BlueRay Technologies L.L.C. sent investors a Private Placement Memorandum which stated in relevant part: "In December 2007, the Company completed a private placement of 160 units of the Company's limited liability interests for a purchase price of \$25,000 per unit...raising total capital of \$4,000,000." Defendant BlueRay Technologies, L.L.C. was validly served at its Agent for Service of Process with a subpoena duces tecum on February 14, 2008 and has failed to respond. Defendant Blue Ray Technologies Inc. does not have a valid address for its Agent for Service of Process, and its status with the Secretary of State is "suspended". The Commissioner asks leave of the court to amend this complaint upon further discovery. The violations of law described herein have occurred and will continue to occur within Los Angeles County and throughout the State of California unless enjoined.

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STATEMENT OF FACTS

10. Beginning in October 2006 and continuing thereafter, Defendants BlueRay Technologies, L.L.C., Blue Ray Technologies Inc., Hansen, Richmond, and Reynolds and their agents, representatives and affiliates (collectively "Defendants") have offered and sold unqualified, non-exempt securities to at least 12 investors residing in California, raising at least \$4,000,000. In a Private Placement Memorandum provided to unqualified investors, dated January, 2008 Defendants Hansen and BlueRay Technologies L.L.C. and Blue Ray Technologies Inc. stated that "In December 2007, the Company completed a private placement of 160 units of the Company's limited liability interests for a purchase price of \$25,000 per unit (the "Class A Units"), raising total capital of \$4,000,000. The prior private placement of Class A Units was made pursuant to Regulation D of Rule 506 of the Securities Act of 1933, as amended." The Private Placement Memorandum failed to disclose the outstanding Desist and Refrain Orders issued against Defendant Hansen by the Department of Corporations, set out in paragraph 14 below.

11. These securities included, but are not limited to, units of limited liability interests in the form of shares in BlueRay Technologies, L.L.C. for the consideration of \$25,000 per unit.

12. Defendants offered and sold securities to California residents and non-residents for the purpose of financing the operations of Blue Ray Technologies Inc. which is to consist of providing manufacturing services to various industries which allegedly will require the manufacture of High Definition Optical Disks.

13. Defendants solicited California residents and non-residents, to invest in the securities, by way of general solicitation and by means of unsolicited telephone calls to investors prior to determining whether the prospective purchaser was a "qualified" purchaser, also known as "cold calling". Defendants forwarded emails to prospective investors who had not been qualified, and said emails contained the Username and Password to the "restricted" investor website www.bluerayllc.com.

14. Defendants made material misrepresentations including but not limited to omitting to inform prospective investors that Defendant Hansen was served with two Desist & Refrain

1 Orders by the California Commissioner of Corporations on February 2, 1999 for violations of the  
2 California Securities Law of 1968, (CSL) contained in California Corporations Code sections  
3 25000 et.seq.

4 15. On February 2, 1999 the Commissioner issued two Desist and Refrain Orders, *inter*  
5 *alia*, (February, 1999 Orders). The first was against Defendant Hansen and Hansen Entertainment  
6 Inc., and others, for offering and selling unqualified, non-exempt securities, in violation of CSL  
7 section 25110; and the second Order was against Defendant Hansen and Hansen Entertainment  
8 Inc., and others, for selling securities by means of any written or oral communication which  
9 includes an untrue statement of a material fact or omits to state a material fact as set out in  
10 Corporations Code section 25401. The February 1999 Orders, issued under the authority granted  
11 the Commissioner by Corporations Code section 25532, required Defendant Hansen and Hansen  
12 Entertainment Inc. to desist and refrain from the further violations of sections 25110 and 25401 of  
13 the CSL. The February 1999 Orders were personally served on Defendant Hansen on February 2,  
14 1999

15 16. Neither Defendant Hansen nor Hansen Entertainment Inc. requested an  
16 administrative hearing to challenge the allegations and findings in the February 1999 Orders. The  
17 February 1999 Orders are now final.

18 17. Notwithstanding the February 1999 Orders, Defendant Hansen is again offering  
19 and selling securities that are unqualified, non-exempt securities to investors residing in California  
20 and in other states.

21 18. Notwithstanding the February 1999 Orders, Defendants continue to offer securities  
22 by way of general solicitations in the form of "cold calls" in the Los Angeles area, and in other  
23 counties in this state.

24 19. Further, Defendants have omitted to disclose material facts, including but not  
25 limited to the February 1999 Orders, to investors and potential investors.

26 **FIRST CAUSE OF ACTION**

27 **OFFER AND SALE OF UNQUALIFIED, NON-EXEMPT SECURITIES**  
28 **IN VIOLATION OF CORPORATIONS CODE SECTION 25110**  
**(AGAINST ALL DEFENDANTS)**

1 20. Plaintiff incorporates by reference paragraphs 1 through 19 of this Complaint as  
2 though fully set forth herein.

3 21. CSL section 25110 provides, in pertinent part, as follows:

4 It is unlawful for any person to offer or sell in this state any security in an issuer  
5 transaction . . . whether or not by or through underwriters . . . unless such sale has  
6 been qualified under Section 25111, 25112 or 25113 . . . or unless such security or  
7 transaction is exempted or not subject to qualification under Chapter 1  
[commencing with Section 25100] of this part.

8 (Cal. Corp. Code, § 25110.)

9 22. Beginning in October 2006 and continuing thereafter, Defendants, and each of  
10 them, offered and sold securities to at least 12 investors residing in California, raising a  
11 minimum of \$4,000,000. Further, Defendants have offered securities to at least two other  
12 California residents and one non-resident.

13 23. The investments offered and sold by Defendants are "securities" within the  
14 meaning of CSL section 25019. The securities include, but are not necessarily limited to,  
15 units of limited liability interests in the form of shares in a limited liability company, BlueRay  
16 Technolgies, L.L.C.

17 24. The sales of securities were "issuer transactions" within the meaning of CSL  
18 sections 25010 and 25011.

19 25. Defendants, and each of them, "offered and sold" the securities "in this state"  
20 of California within the meaning of CSL sections 25008 and 25017.

21 26. The Commissioner has not issued a permit or other form of qualification  
22 authorizing the offer and sale of the securities referred to herein in the State of California.

23 27. The offer and sale of securities referred to herein were not exempt from the  
24 requirement of qualification under CSL section 25110. Defendants, and each of them,  
25 engaged in unsolicited phone sales calls to persons who were not qualified and had no prior,  
26 substantial, existing relationship with Defendants.

27 28. Unless enjoined by this Court, Defendants will continue to violate CSL section  
28 25110.

SECOND CAUSE OF ACTION

MISREPRESENTATION OR OMISSION OF MATERIAL FACTS  
IN VIOLATION OF CORPORATIONS CODE SECTION 25401  
(AGAINST ALL DEFENDANTS)

29. Plaintiff incorporates by reference paragraphs 1 through 28 of this Complaint as though fully set forth herein.

30. CSL 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.

(Cal. Corp. Code, § 25401.)

31. In offering and selling the securities referred to herein, Defendants, and each of them, made untrue statements of material fact and/or omitted to state material facts to some or all of the investors. The untrue statements and/or omissions include but are not necessarily limited to, the following:

A. Defendants represented they were affiliated with the Disney and Sony corporations which in fact was not true.

B. Defendants omitted to disclose, to investors and potential investors, that Defendant Hansen was the subject of two Desist and Refrain Orders issued by the Commissioner on February 2, 1999, ordering that Defendant Hansen desist and refrain from the further offer or sale of unqualified, non-exempt securities in the State of California and to desist and refrain from the sale of securities by the use of statements omitting material facts or the use of untrue statements of a material fact.

32. The misstatements and omissions referred to herein were "material facts" within the meaning of CSL section 25401 since they concerned matters that a "reasonable investor" would consider in deciding whether to invest.

33. Defendants' offer and sale of securities were by means of misrepresentations and omissions within the meaning of CSL section 25401.



1 by the Commissioner.

2  
3 **PRAYER FOR RELIEF**

4 WHEREFORE, Plaintiff prays for judgment against Defendants, BlueRay Technologies,  
5 L.L.C., Blue Ray Technologies Inc., ERICK H. HANSEN, MATTHEW RICHMOND, ROB  
6 REYNOLDS and Does 1 through 10, inclusively as follows:

7 **I. INJUNCTIVE RELIEF FOR THE VIOLATIONS**

8 For an Order of Preliminary Injunction and, ultimately, a Permanent Injunction, pursuant  
9 to California Corporations Code section 25530, restraining and enjoining all Defendants from,  
10 directly or indirectly:

11 1. Violating California Corporations Code section 25110, by offering to sell, selling,  
12 arranging for the sale of, issuing, engaging in the business of selling, negotiating for the sale of  
13 any security of any kind, unless such security or transaction is qualified, and is not offered by  
14 means of a general solicitation or "cold calls" in violation of Regulation D of Rule 506 of the  
15 Securities Act of 1933, as amended.

16 2. Violating California Corporations Code section 25401, by offering to sell or selling  
17 securities, including but not limited to, the securities described in this Complaint, by means of any  
18 written or oral communication which includes any untrue statement of material fact or omits or  
19 fails to state any material fact necessary in order to make the statements made, in the light of the  
20 circumstances under which they are made, not misleading;

21 3. Removing, destroying, mutilating, concealing, altering, transferring, or otherwise  
22 disposing of, in any manner, any books, records, computer programs, computer files, computer  
23 printouts, correspondence, brochures, manuals, or any other "writing" or "document" of any kind  
24 as defined under California Evidence Code section 250, relating to the transactions and course of  
25 conduct as alleged in the complaint of this action, unless authorized by this Court; and

26 4. Withdrawing from any company bank account of BlueRay Technologies, L.L.C. or  
27 Blue Ray Technologies Inc. containing investor funds or disposing of any real or personal  
28 property in their possession, custody or control derived from investor funds, without leave of the

1 Court; and

2 5. As to Defendants ERICK H. HANSEN and BLUERAY TECHNOLOGIES L.L.C  
3 and BLUE RAY TECHNOLOGIES INC., for an Order of Preliminary Injunction, and ultimately,  
4 a Permanent Injunction, pursuant to California Corporations Code section 25530, restraining and  
5 enjoining Defendants Hansen, BlueRay Technologies L.L.C. and Blue Ray Technologies Inc.  
6 from violating the Desist and Refrain Orders issued by the California Corporations Commissioner  
7 on February 2, 1999, by offering and selling unqualified, non-exempt securities in violation of  
8 California Corporations Code section 25110 and by offering or selling by means of any written or  
9 oral communication which includes any untrue statement of material fact or omits or fails to state  
10 any material fact necessary in order to make the statements made, in the light of the circumstances  
11 under which they are made, not misleading, in violation of California Corporations Code section  
12 25401;

13 **II. RESCISSION AND RESTITUTION**

14 1. For a Final Judgment requiring Defendants to rescind each and all of the unlawful  
15 transactions alleged in this Complaint, pursuant to California Corporations Code section 25530,  
16 subdivision (b), as shall be determined by this Court to have occurred, and further requiring  
17 Defendants to pay full restitution to each person determined to have been subject to the  
18 Defendant's acts or practices which constitute violations of the Corporate Securities Law of 1968,  
19 in an amount of at least \$4,000,000 or according to proof. In addition, to pay either the contracted  
20 rate of interest or the legal rate of interest in the amount invested by the investors from the date of  
21 their investments to the date of judgment herein.

22 2. For a Final Judgment requiring Defendants to disgorge, pursuant to California  
23 Corporations Code section 25530 (b), to all known investors all benefits received, including but  
24 not limited to, salaries, commission, fees, profits and any other remuneration, derived directly or  
25 indirectly, from the actions or practices which constitute violations of the Corporate Securities  
26 Law of 1968.

27 **III. CIVIL PENALTIES**

28 For a Final Judgment requiring Defendants to pay the Department of Corporations

1 \$25,000.00 as a civil penalty for each act in violation of the Corporate Securities Law of 1968,  
2 pursuant to California Corporations Code section 25535, in an amount of at least \$900,000, or  
3 according to proof.

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5 IV. OTHER RELIEF

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

7  
8 Dated: May 27, 2008

9  
10 PRESTON DuFAUCHARD  
California Corporations Commissioner

11  
12 By: \_\_\_\_\_  
13 JOHN R. DREWS  
14 Corporations Counsel  
Attorney for the People of California