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IN THE MATTER OF
FILMMATES PARTNERS, LLC AND
FILMMATES CORPORATION

§
§
§

Order No. ~~ENF-04-CDO/FIN~~1578

TO: FilmMates Partners, LLC
11965 Venice Boulevard, Suite 305
Los Angeles, California 90066

FilmMates Corporation
11965 Venice Boulevard, Suite 305
Los Angeles, California 90066

AGREED CEASE AND DESIST ORDER, ORDER MODIFYING ORDER NO. ENF-04-CDO-1556, AND ORDER ASSESSING AN ADMINISTRATIVE FINE

Be it remembered that FilmMates Partners, LLC, and FilmMates Corporation (collectively "Respondents") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this Order, the Findings of Fact and Conclusions of Law contained herein.

FINDINGS OF FACT

1. Respondents have waived (a) Respondents' rights to notice and a hearing in this matter; (b) Respondents' rights to appear and present evidence in this matter; (c) Respondents' right to appeal this Order; and (d) all other procedural rights granted to Respondents by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2004-2005) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon 2000 & Supp. 2004-2005) ("Administrative Procedure Act").
2. Respondent FilmMates Partners, LLC, maintains a last known address of 11965 Venice Boulevard, Suite 305, Los Angeles, California 90066.
3. Respondent FilmMates Corporation maintains a last known address of 11965 Venice Boulevard, Suite 305, Los Angeles, California 90066.

4. Respondents have offered units of Respondent FilmMates Partners, LLC, in Texas through the use of a sales agent unregistered to sell securities in Texas. Respondent FilmMates Partners, LLC, is represented to be a limited liability company "formed under the laws of the State of California for the purpose of financing the completion and distribution of feature films through a joint venture with FilmMates Corporation." Respondents further represent that Respondent FilmMates Partners, LLC, was formed "as the 'financing arm' of FilmMates Corporation" and that FilmMates Corporation will manage FilmMates Partners, LLC. Respondents describe the investment as the offering of units of FilmMates Partners, LLC, for \$25,000 per unit for a maximum offering of \$5,000,000. Additionally, Respondents offer to sell 1/2 units. Respondents represent that they have the following managers: Howard Kreitsek, Chairman of the Board, FilmMates Corporation; John F. Curtis, Jr., President, FilmMates Corporation; Alan Goda, Executive Vice President and General Manager, FilmMates Partners, LLC; Emily K. Aiken, Vice President, FilmMates Corporation; and J. A. Malla, Vice President of Development, FilmMates Partners, LLC. Respondents project a conservative Net Profit of \$40,490 and an optimistic Net Profit of \$154,800, per film, on \$25,000 invested. Respondents further represent a conservative \$123,920 and an optimistic \$1,038,400 gross return to investors if eight films are distributed.
5. Respondents have not been registered with the Securities Commissioner as securities dealers or agents at any time material hereto.
6. On or about March 5, 2004, the Securities Commissioner of the State of Texas issued Emergency Cease and Desist Order No. ENF-04-CDO-1556 (the "Emergency Order") against a natural person and Respondents. The Emergency Order has continued in force and effect against Respondents from March 5, 2004, through the date that this Order is entered by the Securities Commissioner.
7. By executing this Order and upon the entry of this Order by the Securities Commissioner, Respondents agree that their request for a hearing on the Emergency Order is withdrawn and non-appealable.

CONCLUSIONS OF LAW

1. The above-described units are "securities" as that term is defined by Section 4.A of the Texas Securities Act.
2. Respondents have violated Section 12 of the Texas Securities Act by offering securities for sale in Texas without being registered as dealers or agents pursuant to the provisions of Section 12 of the Texas Securities Act.
3. The foregoing violation constitutes a basis for the issuance of a Cease and Desist Order pursuant to Section 23 of the Texas Securities Act.
4. The foregoing violation constitutes a basis for the assessment of an Administrative Fine pursuant to Section 23-1 of the Texas Securities Act.

ORDER

1. It is therefore ORDERED that Respondent FilmMates Partners, LLC, and Respondent FilmMates Corporation immediately CEASE AND DESIST from acting as securities dealers or agents in Texas until they are registered or an available exemption is utilized.
2. It is further ORDERED that Respondent FilmMates Corporation is hereby ASSESSED AN ADMINISTRATIVE FINE in the amount of Two Thousand Dollars (\$2,000). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Two Thousand Dollars (\$2,000), payable to the State of Texas, contemporaneously with the delivery of this Order.
3. It is further ORDERED that the Emergency Order is modified by this Order solely and exclusively as the Emergency Order relates to Respondent FilmMates Partners, LLC, and Respondent FilmMates Corporation.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 15th day of December, 2004.



DENISE VOIGT CRAWFORD
Securities Commissioner

Respondents:

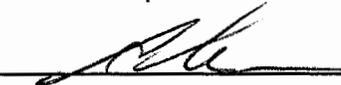


FilmMates Partners, LLC

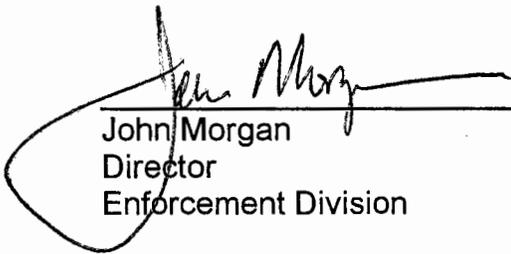
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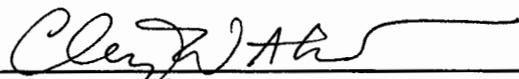
FilmMates Corporation

By: 

Approved as to Form:



John Morgan
Director
Enforcement Division

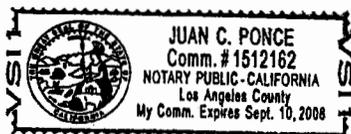


Christopher Ahart
Attorney for Respondents
Akin Gump Strauss Hauer & Feld, LLP

ACKNOWLEDGMENT

On the 7 day of Dec., 2004, FilmMates Partners, LLC ("Respondent FilmMates Partners"), by and through its CEO, Arian Goda, personally appeared before me, executed the foregoing Order, and acknowledged that:

1. Arian Goda is fully authorized to enter into the foregoing Order on behalf of Respondent FilmMates Partners;
2. Arian Goda has read the foregoing Order;
3. Respondent FilmMates Partners has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent FilmMates Partners knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and
5. Respondent FilmMates Partners, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



[affix notary seal here]

Juan C. Ponce
Notary Public in and for
the State of California

My commission expires on: 09-10-08

ACKNOWLEDGMENT

On the 7 day of Dec., 2004, FilmMates Corporation ("Respondent FilmMates Corporation"), by and through its CEO, Alex Goda, personally appeared before me, executed the foregoing Order, and acknowledged that:

1. Alex Goda is fully authorized to enter into the foregoing Order on behalf of Respondent FilmMates Corporation;
2. Alex Goda has read the foregoing Order;
3. Respondent FilmMates Corporation has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent FilmMates Corporation knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and,
5. Respondent FilmMates Corporation, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.

Juan C. Ponce
Notary Public in and for
the State of California

[affix notary seal here]

My commission expires on: 09-10-08

