

DENISE VOIGT CRAWFORD  
SECURITIES COMMISSIONER



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Mail: P. O. BOX 13167  
AUSTIN, TEXAS 78711-3167

Phone: (512) 305-8300  
Facsimile: (512) 305-8310

## Texas State Securities Board

208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
www.ssb.state.tx.us

IN THE MATTER OF §  
DOROTHY OF OZ, LLC D/B/A BOX §  
OFFICE PRODUCTIONS III, LLC; AND §  
NEIL LEROY KAUFMAN §

Order No. ENF-09-CDO/FIN-1667

TO: Dorothy of OZ, LLC  
d/b/a Box Office Productions III, LLC  
3500 West Magnolia Blvd.  
Burbank, California 91505

Neil Leroy Kaufman  
3500 West Magnolia Blvd.  
Burbank, California 91505

### AGREED CEASE AND DESIST ORDER AND ORDER ASSESSING AN ADMINISTRATIVE FINE

Be it remembered that Dorothy of OZ, LLC d/b/a Box Office Productions III, LLC ("Respondent Dorothy"), by and through its Managing Member, Neil Leroy Kaufman; and Neil Leroy Kaufman ("Respondent Kaufman"), individually, appeared before the Securities Commissioner of Texas ("Securities Commissioner") and consented to the entry of this Order and the Findings of Fact and Conclusions of Law contained herein.

#### FINDINGS OF FACT

1. Respondents have waived (a) Respondents' right to notice and a hearing in this matter; (b) Respondents' right 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. 2008) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon 2000 & Supp. 2008) ("Administrative Procedure Act").

2. Respondent Dorothy is a California limited liability company that maintains a last known business address at 3500 West Magnolia Blvd., Burbank, California 91505.
3. Respondent Kaufman is the Managing Member of Respondent Dorothy and maintains a last known business address at 3500 West Magnolia Blvd., Burbank, California 91505.
4. Respondents made available the opportunity to purchase investments referred to variously as both "shares" or "membership units" in Respondent Dorothy in Texas. Respondents represented that investors could purchase these instruments for a purchase price of \$1.00 per instrument and that the minimum investment was \$20,000. If fully subscribed, Respondents would raise \$20 million of which \$4.4 million would be assessed as a one-time management fee.
5. Respondents represented that the proceeds from the sale of the investment would be used to co-finance *Dorothy of Oz*, an animated film that would be produced and distributed by Alpine Pictures, Inc. *Dorothy of Oz* is purportedly based upon a children's book written by the great grandson of the author of *The Wizard of Oz*.
6. The shares and/or membership units issued by Respondent Dorothy were not registered by qualification, notification, or coordination and no permit was granted for their sale in Texas.
7. Respondents were not registered with the Securities Commissioner as dealers or agents at any time material hereto.
8. Respondents represented that the shares and/or membership units were being made available pursuant to applicable state securities laws of any jurisdiction and pursuant to applicable exemptions therefrom, which was materially misleading or otherwise likely to deceive the public in light of the following:
  - a. On or about May 29, 2007, the Pennsylvania Securities Commission entered a Summary Order to Cease and Desist against Respondents in Docket No. 2007-05-03, and
  - b. On or about April 15, 2008, Respondent Dorothy entered an Offer of Settlement in connection with the aforementioned Summary Order to Cease and Desist, and this Offer of Settlement was conditioned on respondent Dorothy's payment of a fine of \$5,000.00 and a one year bar from acting as or representing an issuer of securities, being registered as a broker-dealer or affiliated with a registered person, and from relying upon exemptions from registration in Pennsylvania.

9. Respondents represented that the success of Respondent Dorothy was dependent in large part upon the services of Respondent Kaufman and that Respondent Kaufman had 20 years experience in the industry, which was materially misleading or otherwise likely to deceive the public, because on or about June 30, 2004, Respondent Kaufman filed a Voluntary Petition under Chapter Seven of the United States Bankruptcy Code in United States Bankruptcy Court for the Central District of California, which was discharged on October 8, 2004.
10. Respondent Dorothy, by and through an unregistered sales agent orally represented that *Dorothy of Oz* will “do a billion dollars,” which is materially misleading or otherwise likely to deceive the public because the written offering materials indicate:
  - a. That the underlying investment is speculative and involves a high degree of risk, including the loss of the entire investment, and
  - b. That there is no assurance that Dorothy will generate revenues if and when *Dorothy of Oz* is produced and available for distribution.

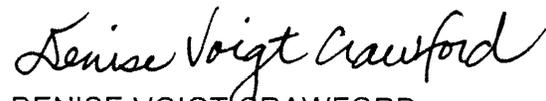
#### CONCLUSIONS OF LAW

1. The shares and membership units are “securities” as that term is defined by Section 4.A of the Texas Securities Act.
2. Respondents have violated Section 7 of the Texas Securities Act by offering securities for sale in Texas at a time when the securities were not registered with the Securities Commissioner.
3. Respondents have violated Section 12 of the Texas Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Texas Securities Act.
4. Respondents have made an offer containing statements that are materially misleading or otherwise likely to deceive the public.
5. The foregoing violations constitute bases for the issuance of a Cease and Desist Order pursuant to Section 23.A of the Texas Securities Act and the assessment of an administrative fine pursuant to Section 23-1 of the Texas Securities Act.

ORDER

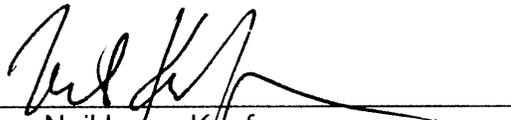
1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from offering for sale securities in Texas until the securities are registered with the Securities Commissioner or are offered for sale pursuant to an exemption from registration under the Texas Securities Act.
2. It is further ORDERED that Respondents immediately CEASE AND DESIST from the offer and sale of securities in Texas until Respondents are registered with the Securities Commissioner as dealers or agents or an available exemption from registration is utilized.
3. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering securities in Texas through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.
4. It is further ORDERED that Respondents are ASSESSED AN ADMINISTRATIVE FINE in the amount of Five Thousand Dollars (\$5,000) joint and severally. Payment shall be made by delivery of a cashier's check to the Securities Commission in the amount of Five Thousand Dollars (\$5,000), payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED by the Securities Commissioner this 18<sup>th</sup> day of February, 2009.

  
DENISE VOIGT CRAWFORD  
Securities Commissioner

Respondents:

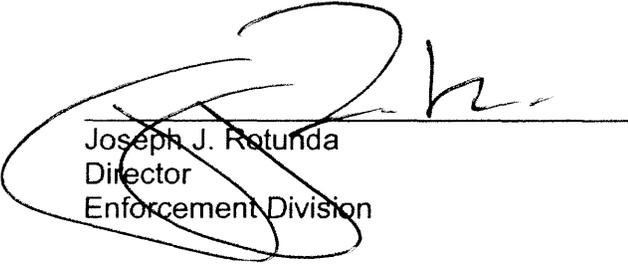
Dorothy of Oz, LLC  
d/b/a Box Office Productions III, LLC



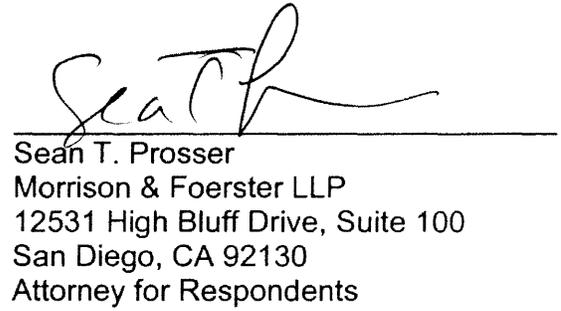
By: Neil Leroy Kaufman  
Managing Member

  
Neil Leroy Kaufman, Individually

Approved as to Form:



Joseph J. Rotunda  
Director  
Enforcement Division



Sean T. Prosser  
Morrison & Foerster LLP  
12531 High Bluff Drive, Suite 100  
San Diego, CA 92130  
Attorney for Respondents



Alexis Goldate  
Attorney  
Enforcement Division

ACKNOWLEDGMENT

On the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_, Dorothy of Oz, LLC d/b/a Box Office Productions III, LLC ("Respondent Dorothy"), by and through its Managing Member, Neil Leroy Kaufman, personally appeared before me, executed the foregoing Order and acknowledged that:

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

*See Attached*

Notary Public in and for  
the State of \_\_\_\_\_

[affix notary seal here]

My commission expires on: \_\_\_\_\_

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

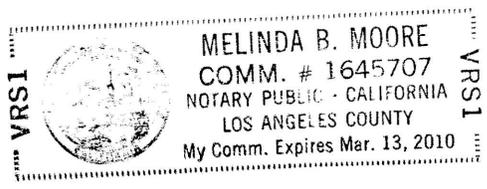
State of California

County of Los Angeles }

On FEB. 10, 2009 before me, MELINDA B. MOORE - Notary  
Date Here Insert Name and Title of the Officer

personally appeared NEIL KAUFMAN  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is subscribed to the within instrument and acknowledged to me that he ~~she/they~~ executed the same in his ~~her/their~~ authorized capacity(ies), and that by his ~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.  
Signature Melinda B Moore  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

**Description of Attached Document**

Title or Type of Document: Agreed Cease & Desist

Document Date: N/A Number of Pages: 6

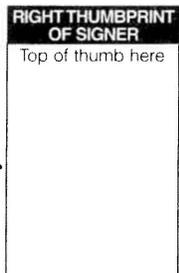
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: Neil Kaufman

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: Managing Member

Signer Is Representing: \_\_\_\_\_



Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_



ACKNOWLEDGMENT

On the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_, Neil Leroy Kaufman, individually ("Respondent Kaufman"), personally appeared before me, executed the foregoing Order and acknowledged that:

- 1. Respondent Kaufman has read the foregoing Order;
- 2. Respondent Kaufman has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
- 3. Respondent Kaufman knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein;
- 4. Respondent Kaufman, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived his rights as set forth therein.

*See Attached*

Notary Public in and for  
the State of \_\_\_\_\_

[affix notary seal here]

My commission expires on: \_\_\_\_\_

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of Los Angeles }

On Feb. 10, 2009 before me, Melinda B. Moore - Notary Public  
Date Here Insert Name and Title of the Officer

personally appeared Neil Kaufman  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Melinda B. Moore  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

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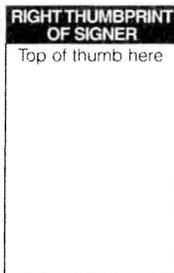
Document Date: N/A Number of Pages: 6

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

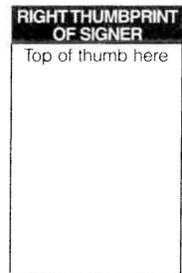
Signer's Name: Neil Kaufman Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: self

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_