

Thomas S. Lee, Assistant Counsel
Department of Banking and Securities
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The hearing and all other procedural matters will be governed by the Pennsylvania Administrative Agency Law, 2 Pa. C.S. §§501-508, 701-704, and the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§31.1.-35.251.

Representation before the Department of Banking and Securities shall be in accordance with Sections 31.21, 31.22, 31.23, and 31.24 of the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§ 31.21, 31.22, 31.23, and 31.24. An individual who substantially controls a Respondent may represent the Respondent in an adversary proceeding.

WHEREAS, in or about September 2017, Valentine cold-called at least one (1) Pennsylvania resident (PA Resident) regarding an investment opportunity in GP. Valentine told the PA Resident the following:

- a. GP was attempting to raise \$25,000,000 to fund a movie;
- b. The investment was in a limited partnership, CLP;
- c. Investors could expect a 300% return in 90 days; and
- d. Valentine would send the PA Resident information about the investment opportunity;

WHEREAS, in or about September 2017, Valentine e-mailed the PA Resident offering materials (Materials). The Materials included a “Preliminary Information Sheet” for CLP;

WHEREAS, according to the Materials, CLP is offering for sale limited partnership interests (Units) at \$250,000 per Unit;

WHEREAS, in or about September 2017, Valentine telephoned the PA Resident and offered for sale the Units, and Valentine told the PA Resident that the PA Resident could purchase a Unit for \$5,000;

WHEREAS, The PA Resident had no substantive, pre-existing relationship with CLP, GP, or Valentine;

WHEREAS, The PA Resident was not an accredited investor under Rule 501 of Regulation D, and the PA Resident did not have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of the investment;

WHEREAS, the Units described above are “securities” within the meaning of Section 102(t) of the 1972 Act, 70 P.S. §1-102(t);

WHEREAS, CLP is the “issuer” of the Units described above within the meaning of Section 102(l) of the 1972 Act, 70 P.S. §1-102(l);

WHEREAS, GP acted as the “broker-dealer” within the meaning of Section 102(e) of the 1972 Act, 70 P.S. §1-102(e);

WHEREAS, Valentine acted as an “affiliate” of GP within the meaning of Section 102(b) of the 1972 Act, 70 P.S. §1-102(b), and, as such, caused and is about to cause GP to commit the herein stated acts which violated and are about to violate the 1972 Act; and

WHEREAS, the records of the Department disclose that the Units are: (a) not registered under Section 201 of the 1972 Act, 70 P.S. §1-201; (b) not exempt from registration under Section 202 of the 1972 Act, 70 P.S. §1-202; and (c) not federally covered securities; and further, the securities transactions relating to the Units are not exempt under Section 203 of the 1972 Act, 70 P.S. §1-203; and

WHEREAS, the records of the Department indicate that GP is neither registered pursuant to, nor exempt from, registration under Section 301 of the 1972 Act as a “broker-dealer”;

WHEREAS, based on the foregoing, the Department finds that CLP, GP, and Valentine have engaged in and are about to engage in acts and practices which violate Section 201 of the 1972 Act, 70 PS §1-201;

WHEREAS, based upon the foregoing, GP and Valentine have engaged in and are about to engage in acts and practices which violate Section 301 of the 1972 Act; 70 P.S. § 1-301; and

Authority of the Department

WHEREAS, Section 606(c.1) of the 1972 Act, 70 P.S. § 1-606(c.1) provides the Department with authority to issue a summary order to cease and desist when it finds that any

person has engaged or is about to engage in any act or practice constituting a violation of any provision of the 1972 Act or any rule or order thereunder. The order may be issued summarily without notice or hearing; and

WHEREAS, after due deliberation, the Department finds that it is necessary and appropriate, in the public interest, for the protection of investors and is consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue the following Order:

AND NOW, THEREFORE, the Bureau, pursuant to its authority referenced above, hereby imposes the following Order:

IT IS ORDERED that Respondents Cigarette Limited Partners I, Galaxy Pictures II, LLC, and James A. Valentine, and every successor, affiliate, control person, agent, servant and employee of them, and every entity owned, operated, or indirectly or directly controlled or hereinafter organized by or on behalf of them, shall immediately **CEASE AND DESIST** from offering and selling the Units in the Commonwealth of Pennsylvania, in violation of the 1972 Act, and, in particular, Sections 201 and 301 thereof.

So, ORDERED this 25th day of October, 2017.



BY ORDER OF THE DEPARTMENT

Redacted

Joseph J. Minisi, Deputy Secretary for Securities

Date Issued & Entered: 10/25/17

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Dated this 25th day of October, 2017.

Redacted

Tim Kissinger, Administrative Officer
Office of Chief Counsel
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