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## COMMONWEALTH OF PENNSYLVANIA 117 OCT 25 AM 9: 25 DEPARTMENT OF BANKING AND SECURITIES

PA DEPARTMENT OF JANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES, BUREAU OF SECURITIES COMPLIANCE AND EXAMINATIONS

Docket No. 17 (SEC-C&D)

v.

CIGARETTE LIMITED PARTNERS I GALAXY PICTURES II, LLC JAMES A. VALENTINE

#### NOTICE OF RIGHT TO HEARING

You have the right to request a hearing before the Banking and Securities Commission ("Commission") within 30 days after receipt of this Order as provided in Section 607 of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-607. A written request for a hearing must be filed with the Commission as follows:

Linnea Freeberg, Docket Clerk Department of Banking and Securities 17 North Second Street, Suite 1300 Harrisburg, PA 17101

Failure to timely file a request for a hearing will result in this Order becoming a final Order.

Once you file a written request for a hearing, the matter will be scheduled for a hearing before a presiding officer designated by the Commission to commence within 30 days after receipt unless you consent to a later date. If you consent to a later date but fail, after notification by first class mail to your last known address in the Department's files, to consent to a hearing date that is within 180 days of the request, the request for a hearing shall be deemed abandoned and the Order shall be deemed a final Order. You have the right to be represented by an attorney in this matter.

Further, you must serve a copy of the request for a hearing and any other documents on the person who signed the Order by providing a copy to his or her counsel indicated below:

Thomas S. Lee, Assistant Counsel Department of Banking and Securities 17 N. Second Street, Suite 1300 Harrisburg, PA 17101

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.

# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES

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COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES, BUREAU OF SECURITIES COMPLIANCE AND EXAMINATIONS

v.

Docket No. 17 OCOS (SEC-C&D)

CIGARETTE LIMITED PARTNERS I GALAXY PICTURES II, LLC JAMES A. VALENTINE

### SUMMARY ORDER TO CEASE AND DESIST

WHEREAS, the Department of Banking and Securities (the "Department") is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 et seq. ("1972 Act"); and

WHEREAS, the Bureau of Securities Compliance and Examinations (the "Bureau") is primarily responsible for administering and enforcing the 1972 Act for the Department; and

WHEREAS, Cigarette Limited Partners I ("CLP") was, at all times material herein, a Florida entity with an address at 13899 Biscayne Boulevard, Ste. 400, Miami, Florida 33181;

WHEREAS, Galaxy Pictures II, LLC ("GP") was at all times material herein, a Florida entity with an address at 2769 E. Oakland Park Blvd., Ft. Lauderdale, Florida 33306;

WHEREAS, James A. Valentine ("Valentine") was, at all times material herein, an individual with addresses at Redacted

and Redacted

. At all times material herein,

Valentine was the manager of GP;

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  $\frac{95^{1/3}}{}$  day of October, 2017.

BY ORDER OF THE DEPARMENT

Redacted

Joseph J. Minisi, Deputy Secretary for Securities

Date Issued & Entered:

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.

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CIGARETTE LIMITED PARTNERS I GALAXY PICTURES II, LLC JAMES A. VALENTINE

#### CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Order upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code §§ 33.35, 33.36 and 33.37:

#### BY CERTIFIED AND FIRST CLASS MAIL

Cigarette Limited Partners I 13899 Biscayne Boulevard, Ste. 400 Miami, FL 33181

> Galaxy Pictures II, LLC 2769 E. Oakland Park Blvd. Ft. Lauderdale, FL 33306

> > James A. Valentine

Redacted

James A. Valentine

Redacted

Dated this  $25^{11}$  day of October, 2017.

### Redacted

Tim Kissinger, Administrative Officer Office of Chief Counsel FOR: Commonwealth of Pennsylvania Department of Banking and Securities Market Square Plaza 17 North Second Street, Suite 1300 Harrisburg, PA 17101 717-787-1471