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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Arvina Joyce Carlson
Anthony Trae Carlson
Mariah O'Brien
State Bonding California
Mercy Records
7095 Hollywood Blvd. #1012
Hollywood, California 90028

4470 W. Sunset Blvd., #268
Los Angeles, California 90027

DESIST AND REFRAIN ORDER

(For violations of Corporations Code sections 25110 and 25401)

The California Corporations Commissioner ("Commissioner") finds that:

1. State Bonding California ("SBC"), was at all relevant times, an entity of unknown origin.
2. Mercy Records ("Mercy"), was at all relevant times, a dba of Anthony Trae Carlson.
3. Arvina Joyce Carlson ("AJC"), was at all relevant times, a managing member of SBC.
4. Anthony Trae Carlson ("ATC"), was at all relevant times, doing business as Mercy Records and a managing member of SBC.
5. Mariah O'Brien, was at all relevant times, an individual and the spouse of ATC.
6. In 2005 and 2006, SBC, through AJC, ATC, and substantially assisted by O'Brien, offered and sold securities in the form of membership interests in SBC. ATC represented to investors that SBC was an insurance company that underwrote bail bonds and was owned by his parents, Richard Carlson and AJC. ATC, often accompanied by O'Brien, solicited investors to invest in SBC by guaranteeing annual cash returns ranging from 16-21%. O'Brien also substantially assisted ATC in persuading investors to invest by representing that she and her family also invested in SBC and vouched for SBC's profitability. After investors agreed to purchase membership interests in SBC,

1 they would sign an operating agreement with SBC that was always executed by Richard Carlson and
2 AJC on behalf of SBC.

3 7. In 2005 and 2006, Mercy, through ATC and substantially assisted by O'Brien, offered
4 and sold securities in the form of membership interests in Mercy. Mercy was a record production
5 company that was based in Los Angeles and specialized in producing records for bands. ATC and
6 O'Brien would solicit investors by guaranteeing annual cash returns of 16.5% for their investment in
7 Mercy. After investors agreed to purchase membership interests in Mercy, they would sign an
8 operating agreement with Mercy that was always executed by ATC on behalf of Mercy. Several
9 investments were made out to "Anthony Trae Carlson and Mariah O'Brien" and on at least one
10 investment, O'Brien was the individual who endorsed the check.

11 8. These securities were offered and sold by SBC, Mercy, AJC, ATC, and O'Brien in
12 this state in issuer transactions. The Department of Corporations has not issued a permit or other
13 form of qualification authorizing any person to offer and sell these securities in this state.

14 9. In connection with the offer and sale of these securities, SBC, Mercy, AJC, ATC, and
15 O'Brien made, or caused to be made, misrepresentations of material fact or omitted to state material
16 facts necessary in order to make the statements made, in the light of the circumstances under which
17 they were made, not misleading. These misrepresentations and omissions included, but are not
18 limited to the following:

19 (a) SBC misrepresented to investors that SBC was a limited liability company formed in
20 California when in fact there is no limited liability company in California named SBC.

21 (b) SBC misrepresented to investors that their investment was guaranteed when in fact no
22 investor has been able to recover their investment.

23 (c) Mercy misrepresented to investors that their investment was guaranteed when in fact
24 no investor has been able to recover their investment.

25 (d) SBC omitted to inform investors that SBC was not licensed by the California
26 Department of Insurance to engage in insurance business in California.

27 (e) SBC omitted to inform investors that the membership interests offered and sold by
28 SBC were not qualified by the California Department of Corporations.

1 (f) Mercy omitted to inform investors that the membership interests offered and sold by
2 Mercy were not qualified by the California Department of Corporations.

3 (g) SBC omitted to inform investors that AJC's insurance license was suspended in 2001
4 by the Indiana Department of Insurance.

5 Based on the foregoing findings, the California Corporations Commissioner is of the opinion
6 that the securities in the form of membership interests in State Bonding California and Mercy
7 Records are securities subject to qualification under the California Corporate Securities Law of 1968
8 and are being or have been offered and sold without being qualified, in violation of Section 25110 of
9 the Corporate Securities Law of 1968.

10 Pursuant to Section 25532 of the Corporate Securities Law of 1968, State Bonding California,
11 Mercy Records, Arvina Joyce Carlson, Anthony Trae Carlson, and Mariah O'Brien are hereby
12 ordered to desist and refrain from the further offer or sale in the State of California of securities,
13 including but not limited to, membership interests in State Bonding California and Mercy Records,
14 unless and until qualification has been made under this law or unless exempt.

15 Further, the California Corporations Commissioner is of the opinion that the securities offered
16 by State Bonding California, Mercy Records, Arvina Joyce Carlson, Anthony Trae Carlson, and
17 Mariah O'Brien were offered in this state by means of written or oral communications that included
18 untrue statements of material fact or omitted to state material facts necessary in order to make the
19 statements made, in the light of the circumstances under which they were made, not misleading, in
20 violation of section 25401 of the Corporate Securities Law of 1968.

21 Pursuant to Section 25532 of the Corporate Securities Law of 1968, State Bonding California,
22 Mercy Records, Arvina Joyce Carlson, Anthony Trae Carlson, and Mariah O'Brien are hereby
23 ordered to desist and refrain from offering or selling or buying or offering to buy any security in the
24 State of California, including but not limited to, membership interests in State Bonding California
25 and Mercy Records, by means of any written or oral communication which includes an untrue
26 statement of a material fact or omits to state a material fact necessary in order to make the statements
27 made, in the light of the circumstances under which they were made, not misleading.
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This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

Dated: May 2, 2012
Los Angeles, California

JAN LYNN OWEN
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner