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10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 FOR THE COUNTY OF LOS ANGELES
12

13 THE PEOPLE OF THE STATE OF)
CALIFORNIA, by and through the California)
14 Corporations Commissioner,)
15 Plaintiff,)

16 v.)

17 GREEN SCREEN PARTNERS, LLC., a)
California Limited Liability Company;)
18 TREASURE HUNT ENTERTAINMENT II,)
LLC., a California Limited Liability Company;)
19 SEAN ANDREW O'NEAL (AKA ANDREW)
O'NEAL), an individual; JEFFREY SHUKEN,)
20 an individual; RICHARD HOUGHTON, an)
21 individual; KIRK FRIEDMAN, an individual;)
22 and DOES 1 through 50, inclusive,)
23 Defendants.)
24)
25)
26)
27)
28)

CASE NO. **BC276614**
COMPLAINT FOR PERMANENT
INJUNCTION; CIVIL PENALTIES AND
ANCILLARY RELIEF
VIOLATIONS OF CALIFORNIA
CORPORATIONS CODE SECTION 25110
(UNQUALIFIED SALES OF SECURITIES)
VIOLATIONS OF CALIFORNIA
CORPORATIONS CODE SECTION 25401
(FRAUD IN CONNECTION WITH THE
OFFER AND SALE OF SECURITIES)

1 Demetrios A. Boutris, California Corporations Commissioner (“Commissioner”), acting to
2 protect the public from unlawful and fraudulent offers and sales of unqualified securities by
3 companies and individuals, brings this action in the public interest in the name of the People of the
4 State of California. The People of the State of California allege as follows:

5 **JURISDICTION AND VENUE**

6 1. The Commissioner brings this action to enjoin the defendants from violating the
7 provisions of the California Corporate Securities Law of 1968 (“CSL”)(California Corporations Code
8 section 25000 et seq.) and to request necessary equitable and ancillary relief. The Commissioner is
9 authorized to administer and enforce the provisions of the CSL and the regulations thereunder at Title
10 10, California Code of Regulations. (“CCR”).

11 2. The Commissioner brings this action pursuant to California Corporations Code section
12 25530 and California Government Code section 11180 et seq. in his capacity as head of the
13 California Department of Corporations.

14 3. Defendants, and each of them, have transacted business within Los Angeles County and
15 other counties in California, and states within the United States. The violations of law described
16 herein have occurred and will continue to occur, unless enjoined, within Los Angeles County, other
17 counties within California, and elsewhere within the United States.

18 **DEFENDANTS**

19 **Entity Defendants**

20 4. Defendant Green Screen Partners, LLC., and Does 1 through 10, inclusive (hereafter
21 collectively referred to as “Green Screen”), is or has been a California Limited Liability Company
22 with its principal place of business in California at 256 South Robertson Boulevard, # 824, Beverly
23 Hills, California 90211.

24 5. Defendant Treasure Hunt Entertainment II, LLC., and Does 11 through 20, inclusive
25 (hereafter collectively referred to as “Treasure”) is or has been a California Limited Liability
26 Company with its principal place of business in California at 433 North Camden Drive, Suite 600,
27 Beverly Hills, California 90210.

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1 **Individual Defendants**

2 6. Defendant Sean Andrew O’Neal, a.k.a. Andrew O’Neal (hereafter collectively referred to
3 as "O’Neal") is an individual and believed to be a resident of San Diego County. O’Neal was
4 conducting business in the County of Los Angeles and elsewhere within California and the United
5 States. O’Neal has acted in many capacities at various times relevant to this Complaint. O’Neal was
6 the president and managing member of Green Screen and Treasure. O’Neal is also the signatory on
7 the bank accounts for Green Screen and Treasure. O’Neal possessed, directly or indirectly, the power
8 to direct or cause the direction of the management and policies of Green Screen and Treasure.

9 7. Defendant Jeffrey Shuken, and Does 21-30, inclusive, (hereafter collectively referred to
10 as "Shuken") is an individual and a resident of San Diego County. Shuken is and was conducting
11 business in the counties of Los Angeles and San Diego and elsewhere within California and the
12 United States. Shuken acts or has acted in many capacities at various times relevant to this
13 Complaint. Shuken assisted and supervised sales agents for Green Screen and Treasure to sell the
14 securities described herein, and functioned as a salesperson for Green Screen and Treasure, soliciting
15 investments for the movies “Treasure Hunt” and “American Peacekeepers.” Shuken was also
16 introduced to investors as a producer of the films.

17 8. Defendant Richard Houghton, and Does 31-40, inclusive, (hereafter collectively referred
18 to as “Houghton”) is an individual and a resident of San Diego County. Houghton is and was
19 conducting business in the counties of Los Angeles and elsewhere within California and the United
20 States. Houghton acts or has acted in various capacities at various times relevant to this Complaint.
21 Houghton assisted and supervised sales agents for Green Screen and Treasure to sell the securities
22 described herein. Houghton also was the original President of Green Screen and helped hire O’Neal
23 in 1998. Houghton possessed, directly or indirectly, the power to direct or cause the direction of the
24 management and policies of Green Screen and Treasure.

25 9. Defendant Kirk Friedman, and Does 41-50, inclusive, (hereafter collectively referred to as
26 “Friedman”) is an individual and a resident of San Diego County. Friedman is and was conducting
27 business in the counties of Los Angeles and elsewhere within California and the United States.
28 Friedman acts or has acted in various capacities at various times relevant to this Complaint.

1 Friedman assisted and supervised sales agents for Green Screen and Treasure to help sell the
2 securities described herein, and helped hire O'Neal in 1998. Friedman possessed, directly or
3 indirectly, the power to direct or cause the direction of the management and policies of Green Screen
4 and Treasure.

5 10. Defendants Does 1 through 50 are persons, corporations, or other entities that have
6 done or will do acts otherwise alleged in this Complaint. Plaintiff is informed and believes, and on
7 such information and belief alleges, that Defendants Does 1 through 50 inclusive, at all times
8 mentioned herein have acted and are continuing to act in concert with the Defendants named herein,
9 and that each of them has participated in the acts and transactions which are the subject of this
10 Complaint. The true names and capacities of Does 1 through 100, whether individual, corporate, or
11 otherwise, are unknown to Plaintiff, who therefore sues such Defendants under such fictitious names,
12 pursuant to the provisions of section 474 of the California Code of Civil Procedure. Plaintiff asks
13 leave of the court to amend the complaint to allege the true names and capacities of such Defendants
14 at such time as the same have been ascertained.

15 11. Plaintiff is informed and believes and on such information and belief alleges that, at all
16 relevant times, the Defendants named as officers, directors, agents or employees, acted in such
17 capacities in connection with the acts, practices and schemes of business set forth below.

18 12. Whenever any allegation is made in this Complaint to "Defendants" doing any act, the
19 allegation shall mean the act of each individual Defendant acting individually, jointly and severally
20 and the conspiring of these Defendants to so act. Each Defendant alleged to have committed any act
21 did so pursuant to and in furtherance of a common plan, scheme and conspiracy and as the agent for
22 each and every co-defendant. Each Defendant acted in conspiracy to violate the provisions of the
23 CSL.

24 13. Plaintiff is informed and believes and on such information and belief alleges that, at all
25 relevant times, each and every Defendant, directly or indirectly controlled other co-defendants by
26 knowingly inducing, or by knowingly providing substantial assistance to other co-defendants, to
27 violate the provisions of the CSL, as alleged in this Complaint within the meaning of California
28 Corporations Code section 25403.

1 14. Whenever any allegation is made in this Complaint to any of the entity Defendants doing
2 any act, the allegation shall mean acts done or authorized by the officers, directors, agents, or
3 employees of the entity Defendants while actively engaged in the management, direction, or control
4 of the affairs of the entity Defendants, and while acting within the course and scope of their
5 employment.

6 15. Plaintiff is informed and believes that at all times herein mentioned, entity Defendants
7 continued in existence as alter egos of O’Neal, Shuken, Houghton and Friedman pursuant to a
8 scheme to offer and sell unqualified, non-exempt, and fraudulent securities. At all times herein
9 mentioned, Defendants Green Screen and Treasure were so influenced and controlled by O’Neal,
10 Shuken, Houghton, and Friedman in the conduct of their business and affairs that there existed a
11 unity of interest and ownership among said parties so that adherence to the fiction of separate limited
12 liability company and individual existences serves to work an injustice upon the public.

13 **STATEMENT OF FACTS**

14 16. Defendants have violated the CSL beginning in or about March, 2000 and continuing
15 thereafter until at least September of 2001, by offering and selling unqualified, non-exempt securities
16 to members of the public by means of fraud.

17 **Green Screen**

18 17. From in or about November 2000 through September 2001, approximately 72 persons
19 invested approximately \$2,932,465 in Green Screen.

20 18. Defendants solicited investors in the limited liability company Green Screen by means of
21 unsolicited cold calls and by distributing offering materials and other communications through the
22 mail. Defendants contacted unaccredited and unsophisticated investors who had no prior business or
23 personal relationship with any of the Defendants.

24 19. Defendants offered and sold securities in Green Screen, in the form of membership units.
25 These units were represented to investors to pay a 200% return in the first year and a 400% return if
26 the investment was maintained for two years.

27 20. Investors were required to purchase a minimum subscription of 5 units at \$5,000
28 per membership unit.

1 21. Defendants offered and sold securities in Green Screen in California to residents of the
2 state and elsewhere for the alleged purpose of raising capital to produce a film called “American
3 Peacekeepers” and acquire licensing rights to distribute the film and television properties. Defendants
4 represented that profits realized from the film would be distributed, with the investors receiving 50%
5 first, followed by the producers receiving 50%. Subsequent to the initial offering of membership units
6 in Green Screen and collection of money from investors, the Defendants contacted investors and told
7 them they would replace the movie “Sabertooth” with the movie “American Peacekeepers,” which
8 would not be made. Green Screen never provided investors with any certificates of ownership or any
9 other documents evidencing this substitution.

10 22. Defendants made numerous untrue statements and misrepresentations and omissions of
11 material facts to Green Screen investors, including but not limited to the following:

12 a. That Green Screen investor money would be used to produce and finance the
13 film, “American Peacekeepers.”

14 b. That revenue would be generated through distribution of the film “American
15 Peacekeepers,” both internationally and domestically.

16 c. That Oscar winning actor Ben Kingsley would be cast in the leading role.

17 d. That Green Screen had begun filming of the movie “American Peacekeepers”
18 in January of 2000, first in Oregon and subsequently moved filming to Australia.

19 e. That the investment in the membership units of Green Screen were virtually
20 risk free and that the level of risk mentioned in the offering material was grossly exaggerated for
21 legal purposes and that the investors would never lose their initial investment.

22 f. That the investment money from Green Screen’s “American Peacekeepers” would
23 be commingled with investment money for Sabertooth Entertainment, LLC., which would be used for
24 the production of the movie “Sabertooth.”

25 g. Defendant O’Neal misrepresented to an investor that his money would be invested
26 but ultimately placed the money in a personal account which O’Neal used for personal expenditures.

27 h. Defendant O’Neal failed to provide the investor with an offering memorandum or
28 any other information regarding his investment.

Treasure

23. From in or about March 2000 through May 2001, approximately 138 persons invested approximately \$5,159,964 in Treasure.

24. Defendants solicited investors in Treasure by means of unsolicited cold calls and by distributing offering materials and other communications through the mail. Defendants contacted unaccredited and unsophisticated investors who had no prior business or personal relationship with any of the Defendants.

25. Defendants offered and sold securities in Treasure, in the form of membership units. Investors were required to purchase a minimum subscription of 10 units at \$5,000 per membership unit. These units issued by Treasure were represented to pay a 200% return in the first year and a 400% return within two years.

26. Defendants offered and sold securities in Treasure in California to residents of the state and elsewhere for the alleged purpose of raising capital to produce a film called "Treasure Hunt" and to acquire licensing rights to distribute the film and television properties. Defendants represented that profits realized from the film would be distributed 50:50 between the investors and the producers. Subsequent to the initial offering of membership units in Treasure and collection of money from investors, the Defendants contacted investors and told them they would replace the movie "Beneath Loch Ness" with the movie "Treasure Hunt," which was not going to be made. Investors were never given any certificates of ownership or any other documents evidencing this substitution.

27. Defendants made numerous untrue statements and misrepresentations and omissions of material facts to Treasure investors, including but not limited to the following:

- a. That Treasure investor money would be used to produce and finance a family film titled, "Treasure Hunt."
- b. That investors could not lose in this business.
- c. That the investment money from Treasure would be commingled with investment money for Loch Entertainment, LLC, which would be used for the production of a horror movie titled, "Beneath Loch Ness."
- d. That investment money from Treasure would also be commingled with

1 investment money for Sabertooth Entertainment, LLC.

2 **FIRST CAUSE OF ACTION**

3 **OFFER AND SALE OF UNQUALIFIED, NON-EXEMPT SECURITIES**
4 **IN VIOLATION OF CALIFORNIA CORPORATIONS CODE SECTION 25110**

5 **(Against All Defendants)**

6 28. The Commissioner incorporates by reference paragraphs 1 through 27 of this Complaint
7 as though fully set forth herein.

8 29. California Corporations section 25110 provides, in pertinent part, that:

9 It is unlawful for any person to offer or sell in this state any security in an issuer
10 transaction . . . unless such sale has been qualified under section 25111, 25112, or
11 25113 . . . or unless such security is exempted or not subject to qualification under
12 Chapter 1 (commencing with section 25100) of this part.

13 30. Commencing at least as early as November 2000, the Defendants, and each of them,
14 offered and sold, or conspired with other co-defendants, or directly or indirectly controlled other co-
15 defendants by knowingly inducing, or by knowingly providing substantial assistance to other co-
16 defendants to offer and sell securities in issuer transactions in the state of California.

17 31. The investments offered and sold by Defendants, and each of them, are "securities"
18 within the meaning of California Corporations Code section 25019 and case law thereunder. The
19 securities included, but are not limited to membership units in limited liability companies issued by
20 Green Screen and Treasure.

21 32. The sales referred to herein, were "issuer transactions" within the meaning of California
22 Corporations Code sections 25010 and 25011.

23 33. The Defendants "offered and sold" the securities referred to herein, "within the state" of
24 California within the meaning of California Corporations Code sections 25008 and 25017.

25 34. The Commissioner has not issued a permit or other form of qualification authorizing the
26 defendants, and each of them, to offer and sell securities referred to herein in the state of California.

27 35. The offer and sale of securities referred to herein are not exempt from the requirement of
28 qualification under California Corporations Code section 25110.

36. Unless enjoined by this Court, defendants and each of them, will continue to violate

1 California Corporations Code section 25110.

2 **SECOND CAUSE OF ACTION**

3 **MISREPRESENTATIONS OR OMISSIONS OF MATERIAL**

4 **FACTS IN VIOLATION OF CALIFORNIA CORPORATIONS CODE SECTION 25401**

5 **(Against All Defendants)**

6 37. The Commissioner realleges and incorporates by reference paragraphs 1 through 36 of
7 this Complaint as though fully set forth herein.

8 38. California Corporations Code section 25401 provides as follows:

9 It is unlawful for any person to offer or sell a security in this state or buy or offer to
10 buy a security in this state by means of any written or oral communication which
11 includes an untrue statement of a material fact or omits to state a material fact
12 necessary in order to make the statements made, in the light of the circumstances
13 under which they were made, not misleading.

14 39. In offering and selling the securities referred to herein, Defendants made, or conspired
15 with other co-defendants, or directly or indirectly controlled other co-defendants by knowingly
16 inducing, or by knowingly providing substantial assistance to other co-defendants to make, untrue
17 statements and/or misrepresentations of material facts to some or all prospective or existing investors.
18 The misrepresentations included, without necessarily being limited to, the following:

19 a. Defendants misrepresented that Green Screen investor money would be used to
20 produce the film "American Peacekeepers" and that Treasure investor money would be used to
21 produce the family film "Treasure Hunt." The true facts are that Defendants used the Green Screen
22 and Treasure investor money for projects other than what was represented to investors and to pay
23 commissions, salary, expenses, etc.;

24 b. Defendants misrepresented that revenue would be generated through distribution
25 of the film "American Peacekeepers," both internationally and domestically. The true facts are that
26 Defendants did not generate any revenue through the distribution of "American Peacekeepers;"

27 c. Defendants misrepresented that the membership units in Green Screen and
28 Treasure would generate returns of 200% within a year of the time of investment and 400% after two
years of concurrent investment. In fact, the investors did not receive any returns for their Green
Screen and Treasure investments;

1 d. Defendants misrepresented that the risks cited in the offering memorandums of
2 Green Screen and Treasure were not accurate and were grossly exaggerated for legal purposes and
3 that the investors would never lose their initial investment. In fact, the investments were as risky as
4 cited in the offering memorandum and that the investors could lose all their initial investment;

5 e. Defendants misrepresented that virtually no risk or minimal risk was
6 involved in conjunction with membership units in the limited liability companies Green Screen and
7 Treasure. In fact, the membership units in Green Screen and Treasure were very risky;

8 f. Defendants misrepresented that the movie “American Peacekeepers” was in
9 production in Oregon and subsequently in Australia. In fact, “American Peacekeepers” was never
10 made at all;

11 g. Defendants misrepresented that Oscar award winning actor Ben Kingsly was to
12 play a lead role in “American Peacekeepers.” In fact, Ben Kingsly never agreed to play a lead role in
13 “American Peacekeepers;” and

14 h. Defendant O’Neal misrepresented to an investor that his money would be
15 invested. In fact, O’Neal ultimately placed the money in his own personal account and used the
16 investor’s money for his own personal expenditures. Defendant O’Neal failed to provide the investor
17 with an offering memorandum or any other information regarding his investment.

18 40. In offering and selling the securities referred to herein, Defendants also omitted to state,
19 or conspired with other co-defendants, or directly or indirectly controlled other co-defendants by
20 knowingly inducing, or by knowingly providing substantial assistance to other co-defendants to omit
21 to state, material facts to some or all of the prospective or existing investors. The omissions included,
22 without necessarily being limited to, the following:

23 a. Defendants failed to disclose that the investment money from Green Screen would
24 be commingled with investment money for Sabertooth Entertainment, LLC.;

25 b. Defendants failed to disclose that investor money from Green Screen would be used
26 by Sabertooth Entertainment, LLC. to produce the film Sabertooth;

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1 c. Defendants failed to disclose that the investment money from Treasure would be
2 commingled with investment money for Loch Entertainment and Sabertooth Entertainment, LLC.;
3 and

4 d. Defendants failed to disclose that investor money from Treasure would be used by
5 Sabertooth Entertainment, LLC and Loch Entertainment to produce “Sabertooth” and “Beneath Loch
6 Ness.”

7 41. The misstatements and omissions referred to herein were of "material facts" within the
8 meaning of California Corporations Code section 25401.

9 42. Defendants' misrepresentations and omissions were "in connection with" the offer and
10 sale of securities.

11 43. The Defendants' misrepresentations and omissions of material fact took place "within the
12 state" of California within the meaning of California Corporations Code section 25008.

13 44. Defendants and each of them, made untrue statements and/or omitted to disclose
14 statements of material facts in connection with the offer and sale of securities in violation of
15 California Corporations Code section 25401.

16 45. Unless enjoined by this Court, Defendants and each of them, will continue to violate
17 California Corporations Code section 25401.

18 **PRAYER**

19 WHEREFORE, Plaintiff prays for judgment as more fully set forth below.

20 **AGAINST ALL DEFENDANTS:**

21 1. For a Judgment of Permanent Injunction enjoining all Defendants and each of them, and
22 such Does as may be subsequently named, and their officers, directors, successors in interest, agents,
23 employees, attorneys in fact, and all persons acting in concert or participating with them, from
24 directly or indirectly violating:

25 a. California Corporations Code section 25110 by offering to sell, selling, arranging for the
26 sale, issuing, engaging in the business of selling, negotiating for the sale of, or otherwise in any way
27 dealing or participating in the offer or sale of, any security of any kind, including but not limited to
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1 the securities described in this Complaint, unless such security or transaction is qualified or exempted
2 or not subject to qualification; and

3 b. California Corporations Code section 25401 by offering to sell or selling any security of
4 any kind, including but not limited to, the securities described in this Complaint, by means of any
5 written or oral communication, which contains any untrue statements of any material fact or omits or
6 fails to state any material fact necessary in order to make the statements made, in the light of the
7 circumstances under which they are made, not misleading, including but not limited to the
8 misrepresentations and omissions alleged in this Complaint.

9 2. For a Judgment of Permanent Injunction enjoining Defendants and each of them, and such
10 Does as may be subsequently named, and their directors, officers, agents, servants, employees,
11 attorneys in fact, and all persons acting in concert or participating with them, from directly or
12 indirectly:

13 a. Removing, destroying, mutilating, concealing, altering, transferring, or otherwise disposing
14 of, in any manner, any books, records, computer programs, computer files, computer print-outs,
15 correspondence, brochures, manuals, or any other writings or documents of any kind as defined under
16 California Evidence Code section 250 relating to the transactions and course of conduct as alleged in
17 the complaint in this action; and

18 b. Transferring, changing, disbursing, selling, dissipating, converting, conveying, pledging,
19 assigning, encumbering, or foreclosing or otherwise disposing of any real or personal property or
20 other assets in their possession or under their control, or in the possession of, or under the control of,
21 any of the Defendants, which property or other assets were derived or emanated from directly, or
22 indirectly, the sale and issuance of securities as alleged in this Complaint, without leave of the Court.

23 3. For a Final Judgment requiring Defendants and each of them, and such Does as may be
24 subsequently named, individually, jointly and severally, to rescind each and all of the unlawful
25 transactions alleged in this Complaint, as shall be determined by this Court to have occurred, and
26 further requiring Defendants and such Does as may be subsequently named individually, jointly and
27 severally, to pay full restitution to each person determined to have been subjected to Defendants' acts
28 or practices which constitute violations of the Corporations Code, with the total amount of funds

1 being at least \$8,092,429.55, less the amount of any repayment of principal, or any other amount
2 according to proof. In addition, to pay either the contracted rate of interest or the legal rate of interest
3 on the amounts invested by the clients from the dates of their investments to the date of judgment
4 herein.

5 4. For a Final Judgment requiring all Defendants and each of them, and such Does as may
6 be subsequently named, individually, jointly and severally, to disgorge according to proof, to all
7 known persons who invested, all benefits received, including but not limited to, salaries,
8 commissions, fees and profits, derived directly or indirectly, from the acts or practices which
9 constitute violations of the Corporations Code.

10 5. For a Final Judgment requiring Defendants and each of them, and such Does as may be
11 subsequently named, to pay \$25,000 to the Department of Corporations as a civil penalty for each act
12 in violation of the Corporate Securities Law of 1968, as authorized by Corporations Code section
13 25535 as follows:

14 a. As to the First Cause of Action, against Defendants Green Screen, Treasure, O’Neal,
15 Shuken, Houghton, and Friedman to be jointly and severally liable for at least \$5,250,000 for at least
16 210 violations of California Corporations Code section 25110, or any other amount according to
17 proof; and

18 b. As to the Second Cause of Action, against Defendants Green Screen, Treasure, O’Neal,
19 Shuken, Houghton, and Friedman to be jointly and severally liable for at least \$5,250,000 for at least
20 210 violations of California Corporations Code section 25401, or any other amount according to
21 proof.

22 6. For a Final Judgment that Plaintiff recovers its costs and reasonable attorneys’ fees from
23 Defendants, and each of them, individually, jointly and severally.

24 7. For this Court to retain jurisdiction of this action in order to implement and carry out the
25 terms of all orders and decrees that may be entered herein or to entertain any suitable application or
26 motion by Plaintiff for additional relief within the jurisdiction of this Court.

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8. For such other and further relief as the Court deems necessary and proper.

Dated: June 24, 2002

Respectfully submitted,
DEMETRIOS A. BOUTRIS
California Corporations Commissioner

By: _____
MICHELLE LIPTON
Corporations Counsel
Attorney for Plaintiff