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9
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:)
)
13 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,) CONSENT ORDER
14)
15 Complainant,)
)
16 v.)
)
17 PUNCH TV STUDIOS, INC. and JOSEPH)
18 EDWARD COLLINS, JR.,)
)
19 Respondents.)
20)

21 The Commissioner of Business Oversight (Complainant or Commissioner) and Respondents
22 Punch TV Studios, Inc. (Punch TV) and Joseph Edward Collins, Jr. (Collins) (collectively
23 Respondents) enter into this Consent Order with respect to the following facts:

24 I.

25 Recitals

26 A. The Commissioner of Business Oversight is the head of the Department of Business
27 Oversight (Department) and is responsible for the regulation of the offer and sale of securities in
28 California, pursuant to the Corporate Securities Law of 1968 (CSL) (Corp. Code, § 25000 *et seq.*).

1 B. At all relevant times, Punch TV Studios, Inc. (“Punch TV”) is or was a Delaware
2 corporation with offices located at either 11705 Willake Street, Santa Fe Springs, California 90670 or
3 1123 East Redondo Boulevard Suite 200, Inglewood, California 90302. Punch TV purported to be an
4 American production and broadcast company committed to producing high-quality low- to medium-
5 budget films and television series through a state-of-the-art production studio.

6 C. At all relevant times, Collins is or was the Chief Executive Officer and sole member of
7 the board of directors of Punch TV. Collins is authorized to enter into this Consent Order on his own
8 behalf and on behalf of Punch TV Studios, Inc.

9 D. From April 5, 2016 through at least July 27, 2017, Punch TV offered or sold securities
10 in California even though its offering was not qualified by the Commissioner for offer or sale in this
11 state.

12 E. Through an offering statement to investors signed by Collins (“Offering Statement”)
13 and in connection with the offer and sale of these securities, Punch TV and Collins made, or caused to
14 be made, misrepresentations of material fact or omitted to state material facts necessary in order to
15 make the statements made, in the light of the circumstances under which they were made, not
16 misleading. These misrepresentations and omissions included the following:

- 17 i. Misrepresenting that Daniel R. Leonard of Mobile, Alabama was a certified public
18 accountant when he held no such qualification;
- 19 ii. Misrepresenting that the financial statements included in the Offering Statement
20 were audited by a certified public accountant;
- 21 iii. Misrepresenting that the total assets of Punch TV as of August 31, 2015 were
22 \$1,302,047 when the total assets on that date were later determined by a certified
23 public accountant to be only \$661,837.

24 F. On May 16, 2016, Punch TV submitted a Form 1-U to the Securities and Exchange
25 Commission (“SEC”) reporting that Punch TV had terminated its purported accountant, Daniel R.
26 Leonard, on May 10, 2016 and Collins reported he “had made an administrative error concerning the
27 qualifications of Daniel Leonard[.]” This Form 1-U was signed by Collins.

28 G. Through the Form 1-U submitted on May 16, 2016 and in connection with the offer and

1 sale of these securities, Punch TV and Collins made, or caused to be made, misrepresentations of
2 material fact or omitted to state material facts necessary in order to make the statements made, in the
3 light of the circumstances under which they were made, not misleading. These misrepresentations and
4 omissions included omitting that the financial statements in the Offering Statement had not been
5 audited by a certified public accountant.

6 H. On October 17, 2016, Punch TV submitted a Form 1-U to the SEC reporting that Punch
7 TV Studios had terminated its new purported accountant, Miguel Figueroa, on August 5, 2016 and
8 Collins reported he “had made an administrative error concerning the hiring of Miguel Figueroa[.]”
9 This Form 1-U was also signed by Collins.

10 I. Through the Form 1-U submitted on October 17, 2016 and in connection with the offer
11 and sale of these securities, Punch TV and Collins made, or caused to be made, misrepresentations of
12 material fact or omitted to state material facts necessary in order to make the statements made, in the
13 light of the circumstances under which they were made, not misleading. These misrepresentations and
14 omissions included omitting that the financial statements in the Offering Statement had not been
15 audited by a certified public accountant.

16 J. These securities were offered or sold in this state in issuer transactions.

17 K. On May 14, 2020, the Commissioner issued a desist and refrain order (the initial desist
18 and refrain order) against the Respondents for (1) offering or selling securities without first being
19 qualified by the Commissioner in violation of Corporations Code section 25110 and (2) making
20 misrepresentations or failing to disclose material facts in connection with the offer and sale of
21 securities, in violation of Corporations Code section 25401. The initial desist and refrain order was
22 served on the Respondents.

23 L. On June 18, 2020, the Commissioner received Respondents’ request for an
24 administrative hearing on the allegations set forth in the initial desist and refrain order. The
25 administrative hearing is currently set to begin trial before the Office of Administrative Hearings
26 (OAH) on September 21, 2020, OAH case number 2020060790.

27 M. The Commissioner finds that this action is appropriate, in the public interest, and
28 consistent with the purposes fairly intended by the policy and provisions of this law.

1 N. Without admitting or denying the above findings, Respondents agrees to enter this
2 Consent Order for purposes of resolving this matter without the expense and uncertainty of further
3 proceedings.

4 NOW, THEREFORE, in consideration of the foregoing and the terms and conditions set forth
5 herein, the parties agree as follows.

6 **II.**

7 **Terms**

8 1. Purpose. This Consent Order resolves the issues before the Commissioner set forth in
9 paragraphs A through M, above, in a manner that avoids the expense of a hearing and other possible
10 court proceedings, protects investors, is in the public interest, and is consistent with the purposes and
11 provisions of the Corporate Securities Law of 1968.

12 2. Desist and Refrain Order for Violations of Section 25110. Pursuant to section 25532 of
13 the Corporations Code, Punch TV Studios, Inc. and Joseph Edward Collins, Jr. are ordered to desist
14 and refrain from the further offer and sale of securities in California, in violation of Corporations Code
15 section 25110, including but not limited to investment contracts in Punch TV, unless and until
16 qualification has been made under the law or unless exempt.

17 3. Desist and Refrain Order for Violations of Section 25401. Pursuant to section 25532 of
18 the Corporations Code, Punch TV Studios, Inc. and Joseph Edwards Collins, Jr. are ordered to desist
19 and refrain from offering or selling, or buying or offering to buy, any security in the state of California
20 by means of any written or oral communication that includes an untrue statement of material fact or
21 omits to state a material fact necessary in order to make the statements made, in light of the
22 circumstances under which they were made, not misleading, in violation of Corporations Code section
23 25401.

24 4. Withdrawal of Initial Desist and Refrain Order. This Consent Order supersedes the
25 initial desist and refrain order and the Commissioner shall withdraw the initial desist and refrain order
26 issued May 14, 2020.

27 5. Waiver of Hearing Rights. The Respondents agree that this Consent Order shall have
28 the effect of withdrawing their request for an administrative hearing on the matter set forth herein. The

1 Respondents acknowledge their right to an administrative hearing under the Corporate Securities Law
2 of 1968 (CSL) in connection with the initial desist and refrain order and this Consent Order and
3 hereby waive such right to a hearing and to any reconsideration, appeal, or other rights which may be
4 afforded them under the CSL (including those rights under Corporations Code section 25232, 25232.1
5 and 25233, and to judicial review of this matter pursuant to Code of Civil Procedure section 1094.5
6 with respect to the issuance of the initial desist and refrain order and this Consent Order), the
7 Administrative Procedure Act (APA) (Gov. Code, § 11430, et seq.), the Code of Civil Procedure
8 (CCP) (Code Civ. Proc., § 1 et seq.), or any provision of law in connection with this matter.

9 6. Failure to Comply with Consent Order. If either of the Respondents fails to comply
10 with the terms of this Consent Order or violates the Consent Order, they each agree that the facts in the
11 Consent Order are admitted for the purpose of proving a violation of this Consent Order. The
12 Respondents further agree that the Commissioner may institute proceedings for any and all violations
13 otherwise unresolved under this Consent Order. The Commissioner reserves the right to bring any
14 future actions against the Respondents, or any of their partners, owners, officers, shareholders,
15 directors, employees, or successors, for any provisions of the CSL, other than any violations related to
16 those matter which are the subject of this Consent Order as identified herein.

17 7. Information Willfully Withheld or Misrepresented. The Commissioner may rescind this
18 Consent Order and the Commissioner may pursue any and all remedies available under law against
19 either of the Respondents if the Commissioner discovers that either of the Respondents knowingly or
20 willfully withheld or misrepresented information used for and relied upon in this Consent Order.

21 8. Future Actions by Commissioner. If either Respondent fails to comply with any terms
22 of the Consent Order, the Commissioner may institute proceedings for any and all violations otherwise
23 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions
24 against either of the Respondents, or any of their partners, owners, officers, shareholders, directors,
25 employees, or successors for any and all unknown violations of the CSL.

26 9. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's
27 ability to assist a government agency or self-regulatory organization with any administrative, civil, or
28 criminal action brought by that agency against either of the Respondents or any other person based

1 upon any of the activities alleged in this matter or otherwise.

2 10. Headings. The headings to the paragraphs of this Consent Order are inserted for
3 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
4 the provisions hereof.

5 11. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
6 interest.

7 12. Reliance. Each of the parties represents, warrants, and agrees that in executing this
8 Consent Order it has relied solely on the statements set forth herein and the advice of its own counsel.
9 Each of the parties further represents, warrants, and agrees that in executing this Consent Order it has
10 placed no reliance on any statement, representation, or promise of any other party, or any other person
11 or entity not expressly set forth herein, or upon the failure of any party or any other person or entity to
12 make any statement, representation or disclosure of anything whatsoever. The parties have included
13 this clause: (1) to preclude any claim that any party was in any way fraudulently induced to execute
14 this Consent Order; and (2) to preclude the introduction of parol evidence to vary, interpret,
15 supplement, or contradict the terms of this Consent Order.

16 13. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
17 this Consent Order will be valid or binding unless it is in writing and signed by each of the parties.
18 The waiver of any provision of this Consent Order will not be deemed a waiver of any other provision.
19 No waiver by either party of any breach of, or of compliance with, any condition or provision of this
20 Agreement by the other party will be considered a waiver of any other condition or provision or of the
21 same condition or provision at another time.

22 14. Full Integration. This Consent Order is the final written expression and the complete
23 and exclusive statement of all the agreements, conditions, promises, representations, and covenant
24 between the parties with respect to the subject matter hereof, and supersedes all prior or
25 contemporaneous agreements, negotiations, representations, understandings, and discussions between
26 and among the parties, their respective representatives, and any other person or entity, with respect to
27 the subject matter covered hereby.

28 15. Governing Law. This Consent Order will be governed by and construed in accordance

1 with California law. Each of the parties hereto consents to the jurisdiction of such court, and hereby
2 irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the
3 maintenance of such action or proceeding in such court.

4 16. Counterparts. This Consent Order may be executed in one or more separate
5 counterparts, each of which, when so executed, shall be deemed an original. Such counterparts shall
6 together constitute a single document.

7 17. Effect Upon Future Proceedings. If either of the Respondents apply for any license,
8 permit or qualification under the Commissioner's current or future jurisdiction, or are the subject of
9 any future action by the Commissioner to enforce this Consent Order, then the subject matter hereof
10 shall be admitted for the purpose of such application(s) or enforcement proceedings(s).

11 18. Voluntary Agreement. Respondents enter into this Consent Order voluntarily and
12 without coercion and acknowledges that no promises, threats or assurances have been made by the
13 Commissioner or any officer, or agent thereof, about this Consent Order. The parties each represent
14 and acknowledge that he or it is executing this Agreement completely voluntarily and without any
15 duress or undue influence of any kind from any source.

16 19. Notice. Any notice required under this Consent Order be provided to each party at the
17 following addresses:

18 If to Respondents: Joseph Edward Collins, Jr.
19 CEO, Punch TV Studios, Inc.
20 11705 Willake Street
21 Santa Fe Spring, California 90670
22 josephcollins@punchtvstudios.com

23 If to the Commissioner: Jeremy F. Koo
24 Department of Business Oversight
25 2101 Arena Boulevard
26 Sacramento, California 95834-2306
27 Jeremy.Koo@dbo.ca.gov

28 20. Signatures. A fax or electronic mail signature shall be deemed the same as an original
signature.

21. Public Record. Respondents hereby acknowledge that this Consent Order is and will be
a matter of public record.

22. Effective Date. This Consent Order shall become final and effective when signed by all

1 parties and delivered by the Commissioner's agent via e-mail to Punch TV Studios, Inc. and Joseph
2 Edward Collins, Jr. at josephcollins@punchtvstudios.com.

3 23. Authority to Sign. Each signatory hereto covenants that he possesses all necessary
4 capacity and authority to sign and enter into this Consent Order and undertake the obligations set forth
5 herein.

6 IN WITNESS WHEREOF, the parties hereto have approved and executed the Consent Order
7 on the dates set forth opposite their respective signatures.

8 MANUEL P. ALVAREZ
9 Commissioner of Business Oversight

10 Dated: September 18, 2020

11 By: _____
12 MARY ANN SMITH
13 Deputy Commissioner
14 Enforcement Division

15 PUNCH TV STUDIOS, INC. and JOSEPH EDWARD
16 COLLINS, JR.

17 Dated: September 18, 2020

18 By: _____
19 JOSEPH EDWARD COLLINS, JR., individually
20 and on behalf of Punch TV Studios, Inc.
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