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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

DOCKETED

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

AZ CORP COMMISSION
DOCKET CONTROL

MAR 27 2009

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In the matter of:
SPORTS DIMENSIONS, INC., a North Carolina corporation,
and
MARC HUBBARD and JANE DOE HUBBARD, husband and wife,
Respondents.

DOCKET NO. S-20665A-09-0154

TEMPORARY ORDER TO CEASE AND DESIST AND NOTICE OF OPPORTUNITY FOR HEARING

NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY
EACH RESPONDENT HAS 20 DAYS TO REQUEST A HEARING
EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents SPORTS DIMENSIONS, INC. and MARC HUBBARD are engaging in or are about to engage in acts and practices that constitute violations of A.R.S. § 44-1801, *et seq.*, the Arizona Securities Act ("Securities Act"), and that the public welfare requires immediate action.

I.

JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

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II.

RESPONDENTS

2. SPORTS DIMENSIONS, INC. ("SDI") was, at all relevant times, a North Carolina corporation that was incorporated in January of 2002 and is located in South Carolina.

3. MARC HUBBARD ("HUBBARD") was, at all relevant times, the president and CEO of SDI and resides outside of Arizona.

4. SDI and HUBBARD may be referred to collectively as "Respondents".

5. JANE DOE HUBBARD ("DOE HUBBARD") was, at all relevant times, the spouse of Respondent HUBBARD. DOE HUBBARD is joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the marital community. DOE HUBBARD may be referred to as "Respondent Spouse."

6. At all relevant times, Respondent HUBBARD had been acting for his own benefit and for the benefit or in furtherance of the marital community.

III.

FACTS

7. HUBBARD claims that SDI is a "regional company specializing in the Concert Business" which has been in business for over "twelve successful" years. HUBBARD through SDI is seeking funds from investors to provide working capital for concert promotions.

8. In or about February of 2009, SDI and HUBBARD sent unsolicited information to an Arizona resident offering an investment in SDI. If investors purchased the promissory notes, Series 2009-A Convertible Corporate Notes ("Note or Notes"), the investment would yield 30% annually and it was guaranteed. Further, the letter also stated that investors could triple their investment within 18 months. SDI and HUBBARD represented that this investment was "virtually recession proof."

9. Presently, SDI and HUBBARD operate a website, www.sdiconcerts.com, which allows access to the offering documents to only "accredited" investors who register for a password.

1 To access the complete website, offerees must complete a form that represents they are accredited
2 and require the offerees to provide their contact information. Once the online form is completed,
3 the offerees then receive a password to enter the website. With the password, the offerees are able
4 to view the Private Placement Memorandum (“PPM”) for the Notes.

5 10. The website does allow access to a summary that is available to anyone who
6 accesses the website. The summary is similar to one of the documents mailed to an Arizona
7 offeree and includes details of the offering.

8 11. The PPM is dated January 15, 2009 has an expiration date of January 15, 2010.
9 According to the “Summary of Private Placement”, SDI and HUBBARD are seeking to raise
10 \$10,000,000. The minimum purchase amount for an investor is one Note for the purchase price of
11 \$10,000. The maturity date of the Note is twelve months with a return of \$13,000. The Note is
12 convertible into Series A Common Shares at \$2.00 a share.

13 12. According to the PPM, the funds raised through the sale of the Notes will be used
14 for working capital. The materials sent to the Arizona offeree and on the website further indicate
15 that the funds raised from the sale of the Notes will be used to “book up to three major North
16 American tours in each of the next three years.”

17 13. Although the general solicitation that was mailed to an Arizona resident and the
18 information on SDI’s website represents that the investment “Yields 30% Annually Guaranteed,”
19 the PPM contradicts this statement. The PPM specifically states that “there can be no guarantee
20 that the business will be profitable to the extent anticipated.” Further, the PPM states “there can be
21 no guarantee that the results shown in the enclosed projections will be realized in whole or in part.”
22 Moreover, the PPM states that SDI does not “guarantee or warrant the projected results.”

23 14. The PPM states that SDI is a “development stage company formed in 2006” and “is
24 relatively new and as such has no substantial long-term operating history.” Yet, elsewhere in the
25 PPM, SDI is represented as having eleven years of event promotion achieving an average return on
26 investment exceeding 30%. Also in the PPM, there is a representation that SDI was incorporated

1 in 2002 and has an "11-year operating history." In materials sent to an Arizona offeree and also
2 listed on the SDI website, Respondents represent that SDI sponsored its first musical concert in
3 1986 and has posted a profit in each year of operation.

4 15. The PPM states that there has been no other prior execution of a securities offering
5 by SDI. However, on September 26, 2006, the California Department of Corporations issued a
6 Desist and Refrain Order against Sports Dimensions, Inc., Sports Dimensions, Inc. dba SDI and
7 Marc Hubbard. The basis of the Desist and Refrain Order was that SDI and HUBBARD offered to
8 sell promissory notes and investment contracts through general solicitation utilizing postings on its
9 website and through other means. As described in the Desist and Refrain, SDI and HUBBARD
10 promised investors a 20% quarterly rate of return on their investments. SDI and Hubbard
11 represented that the investments were secured by box office receipts and a surety bond issued by
12 Tri-Point Holdings.

13 16. In the present action, the subscription agreement states that the Notes are secured by
14 a surety bond issued by "Liberty Reinsurance [*sic*]" as well as concert tickets sales.

15 17. The California Desist and Refrain Order issued against SDI and HUBBARD was
16 not disclosed in the PPM or the subscription agreement.

17 18. In addition to the offer involved with the California Desist and Refrain Order, in
18 July of 2002, Respondents filed a Form D with the Securities and Exchange Commission
19 indicating Respondents intention to sell securities.

20 19. SDI and HUBBARD did not prominently and conspicuously indicate on the cover
21 page of any offering document or on the subscription agreement (a) that the securities are not being
22 offered to persons in Arizona, or (b) in which specific states, other than Arizona, the securities are
23 being offered. Further, SDI and HUBBARD did not state that the offer for sale is not specifically
24 directed to any person in Arizona by, or on behalf of, the issuer; and no sales of the issuer's securities
25 are made in Arizona as a direct or indirect result of the Internet offer for sale.

1 20. On February 23, 2009, Nevada Secretary of State issued a Cease and Desist Order
2 against SDI and HUBBARD for violations of the Nevada Securities Act. This recent action was not
3 disclosed to potential investors; nor is the information available on the SDI website.

4 **IV.**

5 **VIOLATION OF A.R.S. § 44-1841**

6 **(Offer and Sale of Unregistered Securities)**

7 21. From on or about February of 2009, Respondents have been offering or selling
8 securities in the form of notes, within or from Arizona.

9 22. The securities referred to above are not registered pursuant to Articles 6 or 7 of the
10 Securities Act.

11 23. This conduct violates A.R.S. § 44-1841.

12 **V.**

13 **VIOLATION OF A.R.S. § 44-1842**

14 **(Transactions by Unregistered Dealers or Salesmen)**

15 24. Respondents are offering or selling securities within or from Arizona while not
16 registered as dealers pursuant to Article 9 of the Securities Act.

17 25. This conduct violates A.R.S. § 44-1842.

18 **VI.**

19 **VIOLATION OF A.R.S. § 44-1991**

20 **(Fraud in Connection with the Offer or Sale of Securities)**

21 26. In connection with the offer or sale of securities within or from Arizona,
22 Respondents are, directly or indirectly: (i) employing a device, scheme, or artifice to defraud; (ii)
23 making untrue statements of material fact or omitting to state material facts that are necessary in
24 order to make the statements made not misleading in light of the circumstances under which they are
25 made; or (iii) engaging in transactions, practices, or courses of business that operate or would
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1 operate as a fraud or deceit upon offerees and investors. Respondents' conduct includes, but is not
2 limited to, the following:

3 a) SDI and HUBBARD failed to disclose to offerees the Desist and Refrain
4 Order issued by the California Department of Corporations for a previous securities offering.

5 b) SDI and HUBBARD misrepresented to offerees that there had been "no
6 other execution of a securities offering" by SDI when, in fact, Respondents conducted a
7 securities offering in 2006 resulting in a Desist and Refrain Order issued by California and
8 Respondents filed a Form D with the Securities and Exchange Commission in 2002 related to a
9 securities offering.

10 c) SDI and HUBBARD misrepresented to offerees that the investment was
11 guaranteed.

12 d) SDI and HUBBARD misrepresented to offerees the nature of the business
13 experience and history.

14 27. This conduct violates A.R.S. § 44-1991.

15 **VII.**

16 **TEMPORARY ORDER**

17 **Cease and Desist from Violating the Securities Act**

18 THEREFORE, based on the above allegations, and because the Commission has determined
19 that the public welfare requires immediate action,

20 IT IS ORDERED, pursuant to A.R.S. § 44-1972(C) and A.A.C. R14-4-307, that
21 Respondents, their agents, servants, employees, successors, assigns, and those persons in active
22 concert or participation with Respondents CEASE AND DESIST from any violations of the
23 Securities Act.

24 IT IS FURTHER ORDERED that this Temporary Order to Cease and Desist shall remain in
25 effect for 180 days unless sooner vacated, modified, or made permanent by the Commission.

26 IT IS FURTHER ORDERED that this Order shall be effective immediately.

VIII.

REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

1. Order Respondents to permanently cease and desist from violating the Securities Act, pursuant to A.R.S. § 44-2032;
2. Order Respondents to take affirmative action to correct the conditions resulting from Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;
3. Order Respondents to pay the state of Arizona administrative penalties of up to five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;
4. Order that the marital community of Respondent and Respondent Spouse are subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action pursuant to A.R.S. § 25-215; and
5. Order any other relief that the Commission deems appropriate.

IX.

HEARING OPPORTUNITY

Each respondent, including Respondent Spouse, may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. Rule 14-4-307. **If a Respondent or Respondent Spouse requests a hearing, the requesting respondent must also answer this Temporary Order and Notice.** A request for hearing must be in writing and received by the Commission within 20 days after service of this Temporary Order and Notice. The requesting respondent must deliver or mail the request for hearing to Docket Control, Arizona Corporation Commission, 1200 West Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at www.azcc.gov/divisions/hearings/docket.asp.

If a request for hearing is timely made, the Commission shall schedule a hearing to begin 10 to 30 days from the receipt of the request unless otherwise provided by law, stipulated by the parties,

1 or ordered by the Commission. **Unless otherwise ordered by the Commission, this Temporary**
2 **Order shall remain effective from the date a hearing is requested until a decision is entered.**
3 After a hearing, the Commission may vacate, modify, or make permanent this Temporary Order,
4 with written findings of fact and conclusions of law. A permanent Order may include ordering
5 restitution, assessing administrative penalties, or other action.

6 If a request for hearing is not timely made, the Division will request that the Commission
7 make permanent this Temporary Order, with written findings of fact and conclusions of law, which
8 may include ordering restitution, assessing administrative penalties, or other relief.

9 Persons with a disability may request a reasonable accommodation such as a sign language
10 interpreter, as well as request this document in an alternative format, by contacting Shaylin A.
11 Bernal, ADA Coordinator, voice phone number 602/542-3931, e-mail sabernal@azcc.gov.
12 Requests should be made as early as possible to allow time to arrange the accommodation.

13 **X.**

14 **ANSWER REQUIREMENT**

15 Pursuant to A.A.C. R14-4-305, if a Respondent or Respondent Spouse requests a hearing,
16 the requesting respondent must deliver or mail an Answer to this Temporary Order and Notice to
17 Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona
18 85007, within 30 calendar days after the date of service of this Temporary Order and Notice.
19 Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the
20 Commission's Internet web site at www.azcc.gov/divisions/hearings/docket.asp.

21 Additionally, the answering respondent must serve the Answer upon the Division.
22 Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-
23 delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix,
24 Arizona, 85007, addressed to Wendy Coy, Senior Counsel.

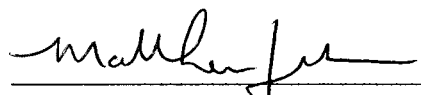
25 The Answer shall contain an admission or denial of each allegation in this Temporary
26 Order and Notice and the original signature of the answering respondent or the respondent's

1 attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial
2 of an allegation. An allegation not denied shall be considered admitted.

3 When the answering respondent intends in good faith to deny only a part or a qualification
4 of an allegation, the respondent shall specify that part or qualification of the allegation and shall
5 admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

6 The officer presiding over the hearing may grant relief from the requirement to file an
7 Answer for good cause shown.

8 BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this 27 day of
9 March, 2009.

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12 Matthew J. Neubert
13 Director of Securities
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