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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

KRISTIN K. MAYES, *Chairman*
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SANDRA D. KENNEDY
BOB STUMP

In the matter of: JOLLEEN K. HANSEN and NATHAN E. HANSEN, wife and husband; THOMAS S. BLACKWELL (CRD # 4370822) and KIMBERLY BLACKWELL, husband and wife; DELUXE DESIGNS INTERNATIONAL, LLC, an Arizona limited liability company; DELUXE LIVE PRODUCTIONS, an Arizona general partnership; Respondents.	DOCKET NO. S-20693A-09-0378 **NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER TO CEASE AND DESIST, FOR RESTITUTION, FOR ADMINISTRATIVE PENALTIES, AND FOR OTHER AFFIRMATIVE ACTION**

Arizona Corporation Commission
DOCKETED
JUL 31 2009
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NOTICE: EACH RESPONDENT HAS 10 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 JOLLEEN K. HANSEN; THOMAS S. BLACKWELL; DELUXE DESIGNS INTERNATIONAL, LLC; and, DELUXE LIVE PRODUCTIONS have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq*. ("Securities Act").

I.

JURISDICTION

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

II.

RESPONDENTS

2. JOLLEEN K. HANSEN ("HANSEN") is an individual who, at all relevant times, resided in Maricopa County, Arizona. HANSEN is a member of DELUXE DESIGNS INTERNATIONAL, LLC and a partner of DELUXE LIVE PRODUCTIONS.

3. THOMAS S. BLACKWELL ("BLACKWELL") is an individual who, at all relevant times, resided in Maricopa County, Arizona. BLACKWELL is a partner of DELUXE LIVE PRODUCTIONS.

4. DELUXE DESIGNS INTERNATIONAL, LLC is an Arizona limited liability company.

5. DELUXE LIVE PRODUCTIONS is an Arizona general partnership and division of DELUXE DESIGNS INTERNATIONAL, LLC.

6. DELUXE DESIGNS INTERNATIONAL, LLC and DELUXE LIVE PRODUCTIONS shall be referred to collectively as "DELUXE."

7. HANSEN, BLACKWELL, and DELUXE may be referred to collectively as "Respondents."

8. NATHAN E. HANSEN was, at all relevant times, the spouse of HANSEN and KIMBERLY BLACKWELL was, at all relevant times, the spouse of BLACKWELL. NATHAN E. HANSEN and KIMBERLY BLACKWELL may be referred to collectively as "Respondent Spouses." Respondent Spouses are joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the respective marital communities.

9. At all relevant times, HANSEN and BLACKWELL acted for their own benefit and for the benefit or in furtherance of their and Respondent Spouses' respective marital communities.

III.

FACTS

10. At all relevant times, Respondents were not registered as securities dealers or salesmen.

11. From on or about February 2008 to July 2008 in Maricopa County, Arizona, Respondents offered and sold to 20 investors $3,250,000 of investment contracts issued by DELUXE with the title Joint Venture Agreement.

12. At all relevant times, the investment contracts referred to above were not registered pursuant to Articles 6 or 7 of the Securities Act.

13. Respondents represented to the investors that DELUXE provides funding for the production and promotion of concerts nationwide for such stars as Keith Urban, Carrie Underwood, the Foo Fighters, 50 Cent, Radiohead, and the Dave Matthews Band.

14. With each investor, DELUXE entered into a Joint Venture Agreement that identifies a concert for which DELUXE was to provide the funding; states the total amount of money required to produce the concert ("Event Cost"); and, specifies the amount of money invested by the investor.

15. Respondents represented to the investors that the investors' money would be pooled together in "a common fund" and sent by DELUXE to the concert production companies Phoenician Entertainment, CAA, and BYB Entertainment (collectively, "the Producers").

16. Respondents represented to the investors that enough money would be raised from concert ticket sales to repay the investors' principal and generate a return between 25 and 30 percent. Respondents represented to the investors that the investors would receive their principal and return 30 days after a concert date.

17. Respondents represented to the investors that Respondents and the investors would share in the profit from the ticket sales after the investors' principal investments had been repaid. The Joint Venture Agreements state that, "The cash receipts from the [concert] remaining after payment of the [Event Cost]...shall be referred to as the "Net Profits Receipts" and...shall be divided into thirds

and distributed: 1/3 according to the percentage of the amount of the initial cash contributed by each [investor] for the [concert], 1/3 to NATO Enterprises, and 1/3 to [DELUXE]." NATO Enterprises is the company of Miko Wady ("WADY"), the individual who introduced DELUXE to a "broker" who allegedly had relationships with the Producers.

18. Other than paying DELUXE, the investors had no duties to perform or responsibilities to fulfill in order to receive their promised profit. DELUXE had all of the "powers and duties" enumerated in the Joint Venture Agreements and the investors had none. Respondents represented to the investors that Respondents, not the investors, would manage the relationship with the broker and Producers, send the investors' money to the Producers, receive from the Producers the money raised from ticket sales, repay the investors' principal, and account for/divide/pay out the profit based on "audit sheets" that purport to show the number of tickets sold and amount of money raised from a concert.

19. Respondents had no relationship, contractual or otherwise, with the Producers. DELUXE and HANSEN dealt solely with the broker who HANSEN has spoken to but Respondents have never met. The broker gave Respondents information to make wire transfers to the Producers but nothing that the Respondents had in writing from the broker requires the Producers to send to Respondents the money raised from ticket sales within 30 days after a concert date.

20. DELUXE caused all of the investors' money to be sent to the Producers, including CAA and on one occasion via WADY'S company NATO Enterprises. HANSEN believed CAA to be Creative Artists Agency, the international talent agency with offices in Los Angeles, New York, Nashville, Beijing, and London. The holders of/signers on the Phoenix-based CAA bank account into which nearly all of the investors' money was deposited are the sister and father-in-law of WADY.

21. All of the concert dates (from February to July 2008) came to pass and, although Respondents received audit sheets from the broker, Respondents received no money from the Producers other than a $20,000 wire transfer from CAA to DELUXE on March 11, 2008 ("the Wire Transfer"). In fact, Respondents do not know if the Producers even produced any of the concerts.

22. Even though the early concert dates came and went without Respondents receiving money from the Producers, Respondents continued offering and selling the investment contracts and did not investigate the Producers, including the identity of CAA. As the recipient of the statements of the DELUXE bank account, HANSEN received information about the Wire Transfer revealing that the address of CAA is a condominium in Phoenix, Arizona and, as such, that CAA is most likely not Creative Artists Agency. However, even though HANSEN had this information in her possession and reason enough to examine it upon its receipt, she failed to do so.

23. Respondents have provided the investors with only $28,229 of their principal investment and none of the promised profit.

IV.

VIOLATION OF A.R.S. § 44-1841

(Offer or Sale of Unregistered Securities)

24. From on or about February 2008 to July 2008, Respondents offered or sold securities in the form of investment contracts within or from Arizona.

25. The securities referred to above were not registered pursuant to Articles 6 or 7 of the Securities Act.

26. This conduct violates A.R.S. § 44-1841.

V.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

27. Respondents offered or sold securities within or from Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

28. This conduct violates A.R.S. § 44-1842.

VI.

VIOLATION OF A.R.S. § 44-1991

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

29. In connection with the offer or sale of securities within or from Arizona, Respondents directly or indirectly: (i) employed a device, scheme, or artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts that were necessary in order to make the statements made not misleading in light of the circumstances under which they were made; or (iii) engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon offerees and investors. Respondents' conduct includes, but is not limited to, the following:

a) failing to disclose to the investors that Respondents had no relationship, contractual or otherwise, with the Producers and that Respondents would be dealing only with a broker who they have never met;

b) misrepresenting that the investors would receive their principal repayment and profit 30 days after a concert date;

c) failing to disclose to the investors that Respondents would have no personal knowledge whether the Producers in fact produced a concert and that, as a result, Respondents would be unable to verify, among other things, the information contained in the audit sheets received from the broker; and,

d) failing to disclose to the investors that Respondents would continue offering and selling the investment contracts and not investigate the Producers, including the identity of CAA, even if concert dates came and went without Respondents receiving money from the Producers.

30. This conduct violates A.R.S. § 44-1991.

31. HANSEN directly or indirectly controlled DELUXE DESIGNS INTERNATIONAL, LLC as its member and HANSEN directly or indirectly controlled DELUXE

LIVE PRODUCTIONS as its partner. Therefore, HANSEN is jointly and severally liable under A.R.S. § 44-1999 to the same extent as DELUXE for its violations of A.R.S. § 44-1991.

32. BLACKWELL directly or indirectly controlled DELUXE LIVE PRODUCTIONS as its partner. Therefore, BLACKWELL is jointly and severally liable under A.R.S. § 44-1999 to the same extent as DELUXE LIVE PRODUCTIONS for its violations of A.R.S. § 44-1991.

VII.

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 respective marital communities of HANSEN, BLACKWELL, and Respondent Spouses be 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.

VIII.

HEARING OPPORTUNITY

Each respondent, including Respondent Spouses, may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. **If a respondent requests a hearing, the requesting respondent must also answer this Notice.** A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. The requesting respondent must deliver or mail the request to Docket Control, Arizona Corporation

Commission, 1200 W. 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 http://www.azcc.gov/divisions/hearings/docket.asp.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission may, without a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for Hearing.

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

IX.

ANSWER REQUIREMENT

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

Additionally, the answering respondent must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007, addressed to Aaron S. Ludwig.

The Answer shall contain an admission or denial of each allegation in this Notice and the original signature of the answering respondent or respondent's attorney. A statement of a lack of

sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

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

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

Dated this 31st day of July 2009.

Mark Dinell
Assistant Director of Securities