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

ORIGINAL



ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

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ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Kristin K. Mayes, Chairman
Gary Pierce
Paul Newman
Sandra D. Kennedy
Bob Stump

Arizona Corporation Commission

DOCKETED

SEP 28 2010

FROM: Matthew J. Neubert *MJN*
Director of Securities

DOCKETED BY *[Signature]*

DATE: September 22, 2010

RE: Order to Cease and Desist, Order for Administrative Penalties and Consent to Same Re: Lamel G. Young, aka Mel Young, doing business as Powerball Records & Entertainment; Docket No. S-20749A-10-0279

CC: Ernest G. Johnson, Executive Director

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DOCKET CONTROL

Attached is a proposed Order to Cease and Desist, Order for Administrative Penalties and Consent to Same by Lamel G. Young, aka Mel Young individually and doing business as Powerball Records & Entertainment ("Respondent"). The Order finds that beginning in May 2010, Respondent offered an investment opportunity involving the sale of a security on the Internet website phoenix.craigslist.org. The Order requires Respondent to cease and desist his activity and pay an administrative penalty in the amount of \$1,000.

The Order further finds that Respondent violated A.R.S. §§ 44-1841 and 44-1842 for selling unregistered securities while not being registered as a dealer or salesman, or exempt from registration.

The Division recommends this Order as appropriate, in the public interest, and necessary for the protection of investors.

Originator: William Black

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

In the matter of:)	DOCKET NO. S-20749A-10-0279
LAMEL G. YOUNG, aka Mel Young,)	DECISION NO. _____
individually and doing business as)	
Powerball Records & Entertainment and)	
JANE DOE YOUNG,)	
Respondents.)	ORDER TO CEASE AND DESIST, ORDER
)	FOR ADMINISTRATIVE PENALTIES AND
)	CONSENT TO SAME
)	BY RESPONDENTS
)	

Respondent LAMEL G. YOUNG, aka Mel Young individually and doing business as Powerball Records & Entertainment (“Respondent”) elects to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* (“Securities Act”) with respect to this Order To Cease And Desist, Order for Administrative Penalties and Consent to Same (“Order”). Respondent admits the jurisdiction of the Arizona Corporation Commission (“Commission”); admits only for purposes of this proceeding and any other proceeding in which the Commission or any other agency of the state of Arizona is a party the Findings of Fact and Conclusions of Law contained in this Order; and consents to the entry of this Order by the Commission.

I. FINDINGS OF FACT

1. LAMEL G. YOUNG, aka Mel Young, individually and doing business as Powerball Records & Entertainment (“YOUNG”) is an individual residing in Maricopa County, Arizona. YOUNG is not married.

1 2. On or about May 10, 2010, YOUNG posted an advertisement for an investment
2 opportunity involving the sale of a security on the Internet website phoenix.craigslist.org. The
3 advertisement was available for all internet users to view without password protection. The
4 craigslist advertisement was posted to the Phoenix, Arizona section of the website.

5 3. The advertisement was titled "Hip Hop Music Label Seeks Investors."

6 4. On or about May 11, 2010, as a result of seeing the advertisement on craigslist, an
7 Arizona resident contacted YOUNG via e-mail.

8 5. On or about May 11, 2010, the Arizona resident received an e-mail from YOUNG
9 wherein YOUNG stated:

10 "Thanks you for your responds, what i am looking for is a investor
11 partner not a secured loan. I will provide a business plan and future
12 revenue projections at your request. This is a real opportunity to triple
13 your money off the music publishing alone, I will say this for any
investor I will buy your share of my company backat four times your
investment." (sic)

14 6. On or about May 21, 2010, the Arizona resident received another e-mail from
15 YOUNG attaching a fourteen page business plan for Powerball Records & Entertainment ("PRE").

16 7. The first page of the business plan indicates that the plan was written by LaMel
17 Young.

18 8. The business plan describes YOUNG as PRE's chairman and CEO who has created,
19 produced written and marketed music for over fifteen years. According to the business plan,
20 YOUNG's experience as a record producer, who has worked with many national recording artists,
21 will enable PRE to generate revenue immediately.

22 9. Included in the business plan is a mission statement setting forth the following:

23 "PRE will capitalize on the billion dollar Hip Hop urban entertainment
24 market across the world through the production and promotion of high
25 quality entertainment. Located in Phoenix, Arizona, the company will
26 become highly profitable through the sale of pre-recorded music
product (digital downloads compact discs), in addition to revenues
generated from ancillary profit centers. PRE will own and control the

1 masters (master copies), copyrights and licenses of its product, which
2 will enable PRE to create immediate revenue streams while growing
3 its music catalog into a multi-million dollar asset.”

4 10. Projections contained in the business plan indicate that PRE will reach positive cash
5 flow in the twenty-third month of operations while netting profits of \$400,000 in 2013-14 and
6 \$800,000 in 2015-16.

7 11. According to the Executive Summary section of the business plan, PRE is seeking
8 \$50,000 in “equity investment capital” to be used to fund project production budgets and multi-
9 faceted marketing and promotion budgets. The Summary further states, “A linked offering
10 composed of common stock, preferred stock and debentures is being offered by PRE.”

11 12. A section of the business plan titled, “The Financial Plan” sets forth that a 13%
12 dividend will be paid to investors holding preferred stock.

13 13. On June 30, 2010, the Arizona resident met with YOUNG who confirmed that the
14 investor was only responsible for investing funds and would not be involved in any of the
15 operations of PRE. He further stated to the Arizona resident that the investment would be repaid
16 within twenty four months.

17 14. At all times relevant, YOUNG has not been registered as a salesman or dealer.

18 II. CONCLUSIONS OF LAW

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

21 2. Respondent offered or sold securities within or from Arizona, within the meaning of
22 A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

23 3. Respondent violated A.R.S. § 44-1841 by offering or selling securities that were
24 neither registered nor exempt from registration.

25 4. Respondent violated A.R.S. § 44-1842 by offering or selling securities while neither
26 registered as a dealer or salesman nor exempt from registration.

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IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
Executive Director of the Arizona Corporation Commission,
have hereunto set my hand and caused the official seal of the
Commission to be affixed at the Capitol, in the City of
Phoenix, this _____ day of _____, 2010.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Shaylin A. Bernal, ADA
Coordinator, voice phone number 602-542-3931, e-mail sabernal@azcc.gov.

(wwb)

CONSENT TO ENTRY OF ORDER

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2 1. Respondent LAMEL G. YOUNG, aka Mel Young individually and doing business
3 as Powerball Records & Entertainment (“Respondent”), admits the jurisdiction of the Commission
4 over the subject matter of this proceeding. Respondent acknowledges that Respondent has been
5 fully advised of his right to a hearing to present evidence and call witnesses and he knowingly and
6 voluntarily waives any and all rights to a hearing before the Commission and all other rights
7 otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona
8 Administrative Code. Respondent acknowledges that this Order To Cease And Desist, Order for
9 Administrative Penalties and Consent to Same (“Order”) constitutes a valid final order of the
10 Commission.

11 2. Respondent knowingly and voluntarily waives any right under Article 12 of the
12 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief
13 resulting from the entry of this Order.

14 3. Respondent acknowledges and agrees that this Order is entered into freely and
15 voluntarily and that no promise was made or coercion used to induce such entry.

16 4. Respondent understands and acknowledges that he has a right to seek counsel
17 regarding this Order, and that he has had the opportunity to seek counsel prior to signing this Order.
18 Respondent acknowledges and agrees that, despite the foregoing, Respondent freely and voluntarily
19 waives any and all right to consult or obtain counsel prior to signing this Order.

20 5. Respondent admits only for purposes of this proceeding and any other proceeding in
21 which the Commission or any other agency of the state of Arizona is a party the Findings of Fact
22 and Conclusions of Law contained in this Order. Respondent agrees that he shall not contest the
23 validity of the Findings of Fact and Conclusions of Law contained in this Order in any present or
24 future proceeding in which the Commission or any other state agency is a party concerning the
25 denial or issuance of any license or registration required by the state to engage in the practice of
26 any business or profession.

1 6. By consenting to the entry of this Order, Respondent agrees not to take any action or
2 to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of
3 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual
4 basis. Respondent will undertake steps necessary to assure that all of Respondent's agents and
5 employees understand and comply with this agreement.

6 7. While this Order settles this administrative matter between Respondent and the
7 Commission, Respondent understands that this Order does not preclude the Commission from
8 instituting other administrative or civil proceedings based on violations that are not addressed by
9 this Order.

10 8. Respondent understands that this Order does not preclude the Commission from
11 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
12 that may be related to the matters addressed by this Order.

13 9. Respondent understands that this Order does not preclude any other agency or
14 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal
15 proceedings that may be related to matters addressed by this Order.

16 10. Respondent agrees that he will not apply to the state of Arizona for registration as a
17 securities dealer or salesman or for licensure as an investment adviser or investment adviser
18 representative until such time as all penalties under this Order are paid in full.

19 11. Respondent agrees that Respondent will not exercise any control over any entity that
20 offers or sells securities or provides investment advisory services within or from Arizona until such
21 time as all penalties under this Order are paid in full.

22 12. Respondent agrees that Respondent will not sell any securities in or from Arizona
23 without being properly registered in Arizona as a dealer or salesman, or exempt from such
24 registration; Respondent will not sell any securities in or from Arizona unless the securities are
25 registered in Arizona or exempt from registration; and Respondent will not transact business in
26

Docket No. S-20749A-10-0279

1 Arizona as an investment adviser or an investment adviser representative unless properly licensed
2 in Arizona or exempt from licensure.

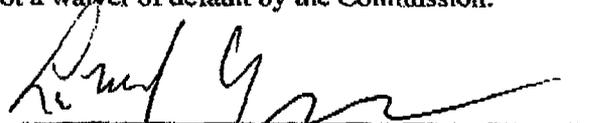
3 13. Respondent agrees that he will continue to cooperate with the Securities Division
4 including, but not limited to, providing complete and accurate testimony at any hearing in this
5 matter and cooperating with the state of Arizona in any related investigation or any other matters
6 arising from the activities described in this Order.

7 14. Respondent consents to the entry of this Order and agrees to be fully bound by its
8 terms and conditions.

9 15. Respondent acknowledges and understands that if Respondent fails to comply with
10 the provisions of the order and this consent, the Commission may bring further legal proceedings
11 against Respondent, including application to the superior court for an order of contempt.

12 16. Respondent understands that default shall render Respondent liable to the
13 Commission for its costs of collection and interest at the maximum legal rate.

14 17. Respondent agrees and understands that if Respondent fails to make any payment as
15 required in the Order, any outstanding balance shall be in default and shall be immediately due and
16 payable without notice or demand. Respondent agrees and understands that acceptance of any
17 partial or late payment by the Commission is not a waiver of default by the Commission.

18
19 
Lamel G. Young, aka Mel Young

20 STATE OF ARIZONA)
21) ss
22 County of Maricopa)

23 SUBSCRIBED AND SWORN TO BEFORE me this 25 day of September, 2010.



24 My commission expires
25 Feb 19 2012
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1 SERVICE LIST FOR: Lamel G. Young

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3 NAME & ADDRESS:

4 Lamel G. Young
5 3676 East Feather Avenue
6 Gilbert, AZ 85234

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