

1 BEFORE THE ARIZONA CORPORATION COMMISSION

2 Arizona Corporation Commission

3 DOCKETED

4 JUN 13 2000

5 CARL J. KUNASEK

6 Chairman

7 JIM IRVIN

8 Commissioner

9 WILLIAM A. MUNDELL

10 Commissioner

DOCKETED BY

RT

11 IN THE MATTER OF THE OFFERING)
12 OF SECURITIES BY:)

DOCKET NO. S-03399A-00-0000

13 DESERT DOG PRODUCTIONS L.L.C.)
14 6312 E. Berneil Lane)
15 Paradise Valley, AZ 85253)

DECISION NO. 62654

16 GARY E. MATHEWSON)
17 6312 E. Berneil Lane)
18 Paradise Valley, AZ 85253)

ORDER TO CEASE AND DESIST AND
ORDER ASSESSING
ADMINISTRATIVE PENALTY
REGARDING DESERT DOG
PRODUCTIONS L.L.C. AND GARY E.
MATHEWSON

19 Respondents)
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26)

27 On April 20, 2000, the Securities Division ("Division") of the Arizona Corporation
28 Commission ("Commission") filed a Temporary Order To Cease And Desist And Notice Of
29 Opportunity For Hearing Regarding Proposed Order For Relief ("Temporary Order") in this matter
30 against DESERT DOG PRODUCTIONS L.L.C. and GARY E. MATHEWSON ("Respondents").
31 The Temporary Order was personally served upon the Respondents on April 21, 2000. The Affidavit
32 of Personal Service is attached and incorporated by reference as Exhibit A. The Temporary Order
33 provided Respondents with the opportunity to request a hearing within 20 days from the date of
34 service. Respondents have neither requested a hearing nor made an appearance in this matter.

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I.

FINDINGS OF FACT

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3 1. DESERT DOG PRODUCTIONS L.L.C. ("DESERT DOG"), whose last
4 known address is 6312 E. Berneil Lane, Paradise Valley, Arizona 85253, was represented to be an
5 Arizona Limited Liability Company.

6 2. GARY E. MATHEWSON ("MATHEWSON"), whose last known address is
7 6312 E. Berneil Lane, Paradise Valley, Arizona 85253, was at all relevant times the CEO of
8 DESERT DOG.

9 3. DESERT DOG and MATHEWSON have engaged in the offer of securities
10 within or from Arizona in the form of promissory notes to the general public. The investment was
11 to fund the production of a television pilot episode and to provide the cash necessary to promote
12 the sale of the series to network television. The series would feature motorcycle riders and be titled
13 "Chrome Cowboys."

14 4. DESERT DOG and MATHEWSON are seeking to raise \$250,000 from
15 investors with a minimum of a \$25,000 investment per unit.

16 5. On or about March 28, 2000, Respondents placed an advertisement in the
17 *Arizona Republic* seeking investors. The investors would receive a 25% return on their investment.

18 6. According to the documents provided to a prospective offeree, the initial
19 investment would be repaid starting a year after the investment. Once all investors were paid their
20 principal, then the investors would all receive their interest payments. After both the principal and
21 interest were repaid to the investors, the investors would retain a 2.25% equity in the program.

22 7. MATHEWSON did disclose to the offeree that there was a risk involved in
23 the investment. MATHEWSON represented that although the investors could lose their money, if
24 the series was sold to the networks, the investors would make a lot of money. MATHEWSON
25 stated that the investment was speculative which is why they could offer the high interest rate.

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II.

CONCLUSIONS OF LAW

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3 1. The Arizona Corporation Commission has jurisdiction over this matter
4 pursuant to Article XV of the Arizona Constitution and pursuant to the Securities Act of Arizona,
5 A.R.S. § 44-1801 et seq.

6 2. Respondents offered securities within or from Arizona, within the definitions
7 of A.R.S. §§ 44-1801(13), 44-1801(19), and 44-1801(23).

8 3. Respondents offered unregistered securities in violation of A.R.S. §44-1841.

9 4. Respondents were not registered as salesmen or dealers when they offered
10 unregistered securities in violation of A.R.S. §44-1842.

11 III.

12 ORDER

13 THEREFORE, on the basis of the Commission's Findings of Fact and Conclusions of
14 Law, the following Order is appropriate, in the public interest and necessary for the protection of
15 investors:

16 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents permanently cease
17 and desist from violating the Securities Act.

18 IT IS FURTHER ORDERED that, pursuant to A.R.S. § 44-2036, Respondents shall
19 jointly and severally pay an administrative penalty in the amount of \$2,000 payable to the State
20 Treasurer for deposit in the general fund of the State of Arizona at the entry of this Order.

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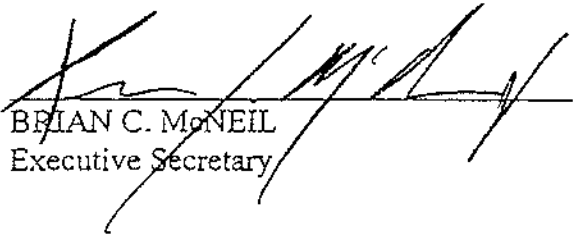
25
26 DECISION NO. 62654

1 IT IS FURTHER ORDERED that upon failure to pay the penalty when due, interest
2 will accrue at the statutory rate of 10%.

3
4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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6   
7 CHAIRMAN COMMISSIONER COMMISSIONER

8 IN WITNESS WHEREOF, I, BRIAN C.
9 McNEIL, Executive Secretary of the Arizona
10 Corporation Commission, have hereunto set
11 my hand and caused the official seal of the
12 Commission to be affixed at the Capitol, in the
13 City of Phoenix, this 13th day of
14 June, 2000.

15 
16 BRIAN C. McNEIL
17 Executive Secretary

18 DISSENT
19 (WC)

20 Persons with a disability may request a reasonable accommodation such as a sign language
21 interpreter, as well as request this document in an alternative format, by contacting Cynthia
22 Mercurio-Sandoval, ADA Coordinator, voice phone number 602/542-0838, e-mail
23 csandoval@cc.state.az.us. Requests should be made as early as possible to allow time to arrange
24 the accommodation.

1 STATE OF ARIZONA)
2 County of Maricopa)

AFFIDAVIT OF SERVICE
(Personal Service)

3 I, Terence Nelson, for the Securities Division of the Arizona Corporation
4 Commission, hereby certify that on the 21st day of April, 2000 at 12:45 PM, I served a copy of
5 Temporary Order to Cease and Desist. Docket No. S-3399-A, upon Gary Mathewson at 6312 E.
6 Berneil Ln, Paradise Valley, AZ..

7
8 Terence Nelson
TERENCE NELSON

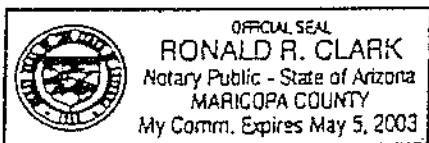
9 SUBSCRIBED AND SWORN TO BEFORE me this 27 day of

10 April, 2000

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12 [Signature]
13 NOTARY PUBLIC

14 My Commission Expires:

15 5-5-03



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25 EXHIBIT A

1 STATE OF ARIZONA)
2 County of Maricopa)

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(Personal Service)

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4 Commission, hereby certify that on the 21st day of April, 2000 at 12:45 PM, I served a copy of
5 Temporary Order to Cease and Desist, Docket No. S-3399-A, upon Gary Mathewson, CEO of
6 Desert Dog Productions L.L.C., at 6312 E. Berneil Ln, Paradise Valley, AZ.

7
8 Terence Nelson
TERENCE NELSON

9 SUBSCRIBED AND SWORN TO BEFORE me this 21 day of

10 MAY, 2000

11
12 Margaret D. Pollard
13 NOTARY PUBLIC

14 My Commission Expires:



15 Notary Public State of Arizona
16 Maricopa County
17 Margaret D Pollard
18 Expires February 17 2004

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26 EXHIBIT A