

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)

GIGAPIX STUDIOS, INC)
CHRISTOPHER J. BLAUVELT)

RESPONDENTS)

)
)
) ADMINISTRATIVE ORDER
) NO. CO – 2010-0036
)
)

CONSENT ORDER

The Alabama Securities Commission ("Commission"), having authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities, into, within or from the state of Alabama, has determined as follows:

RESPONDENTS

1. **GIGAPIX STUDIOS, INC ("GIGAPIX")** is a California based, motion picture computer graphic studio corporation, with a business address of 9333 Oso Avenue, Chatsworth, CA 91311.

2. **CHRISTOPHER J. BLAUVELT ("BLAUVELT")** at all times relevant was listed as the Chief Executive Officer and Director of GIGAPIX with a business address of 9333 Oso Avenue, Chatsworth, CA 91311.

STATEMENT OF FACTS

3. The Commission is in receipt of information that on or about June, 2007, a representative of **GIGAPIX** who identified herself as "Jackie" "cold called" an Alabama resident and engaged in the offer and/or sale of unregistered securities, offering for sale shares of Common Stock and Warrants in **GIGAPIX**.

4. When interviewed by Commission staff about the investment, the Alabama resident stated that there was no prior business relationship with **RESPONDENTS**. Shortly after the "cold call," the Alabama resident received offering documents in the mail which show that **GIGAPIX** is in the business of creating computer generated imagery animation and operates a visual special effects studio. These offering documents revealed that **BLAUVELT** is the CEO and Director of **GIGAPIX**.

5. The Offering Memorandum describes the investment offered to the Alabama resident as: "Units" sold to investors who satisfy certain suitability standards for a cash price of \$1.00 per "Unit." Each "Unit" consists of one share of Common Stock and four Warrants to purchase shares of Common Stock. Each Warrant is exercisable for one share of Common Stock at an exercise price of \$1.00 and expires on July 31, 2011.

6. On or about August, 2007, the Alabama resident dispatched a personal check from a Regions account in the amount of \$10,000.00 to **GIGAPIX**. For this investment the Alabama resident received 10,000 shares of **GIGAPIX** and 40,000 warrants. The warrants guaranteed that the Alabama resident could purchase additional shares at a later date for \$1.00 a share no matter what the public offering would be.

7. A review of the files of the Commission conducted on April 7, 2010, disclosed that **RESPONDENTS** were neither registered nor exempt from registration to offer and/or sell securities and that no security was registered as being offered by **RESPONDENTS**.

8. The Commission issued a Cease and Desist Order against Respondents on July 1, 2010.

9. On July 13, 2010, **GIGAPIX** responded to the Cease and Desist Order

stating the **GIGAPIX** was reviewing the allegations of the Order in order to prepare a response thereto.

10. On July 27, 2010, **GIGAPIX** requested an informal hearing. The matter was set for a hearing on August 31, 2010.

11. On August 25, 2010, **GIGAPIX** submitted a written response to the Commission staff that included Mr. Blauvelt's affidavit. In his affidavit, Mr. Blauvelt advised the Commission that Mr. Blauvelt's prior relationship with the Alabama resident was based upon the resident's industry-related videographer business and his financial status as an accredited investor. **GIGAPIX** also advised the Commission staff that **GIGAPIX** has retained counsel experienced in securities laws and regulations to advise **GIGAPIX** concerning private offerings and to insure that **GIGAPIX** complies with all state and federal securities regulations.

12. On August 30, 2010, **GIGAPIX** telephoned the Commission staff to inquire about the possibility of an informal resolution of the matter.

13. On August 31, 2010, **GIGAPIX** and the Commission staff conducted an informal hearing. The staff advised Respondents that Mr. Blauvelt's description of his prior contact with the Alabama investor was not sufficient to create a pre-existing business relationship that would support an offer to purchase securities in Alabama. The staff advised **GIGAPIX** concerning the rescission provisions of Ala. Code §8-6-19(f)(1) (1975). The staff acknowledged that the Alabama resident informed the Commission staff that the investor is satisfied with his investment and has traveled to California to tour **GIGAPIX'S** studio.

14. On September 2, 2010, **GIGAPIX** submitted a response and legal argument to the Commission and requested an informal resolution of the July 1, 2010 Cease and Desist Order.

CONCLUSIONS OF LAW

15. Ala. Code § 8-6-3 (1975), provides that it is unlawful for any person to transact business in this state as a dealer or agent for securities unless he is registered, and further, that it is unlawful for any dealer or issuer to employ an agent unless the agent is registered. **RESPONDENTS** employed "Jackie", an unregistered agent, who "cold-called" an Alabama resident and sold him stock without benefit of registration or exemption from registration, as **RESPONDENTS** had no prior business relationship with the Alabama resident prior to the offer Jackie made to the Alabama resident. The offer and the sale were made in violation of the provisions of Ala. Code §8-6-3 (1975).

WHEREAS, **RESPONDENTS** seek to resolve the concerns of the Commission by entering into this Consent Order; and

WHEREAS, **RESPONDENTS** offered and sold an Alabama resident securities without benefit of registration in the State of Alabama; and

WHEREAS, **RESPONDENTS'** state that the information and assertions presented to the Commission during the investigation of this matter are true and correct; and

WHEREAS, **RESPONDENTS** understand that the Commission relied upon the information or assertions **GIGAPIX** provided during the investigation in its determination to accept this Order, and that should said information or assertions prove to be incorrect or misrepresented, the Commission may seek such other administrative, civil or criminal remedies that may be available to it under the provisions of the Act; and

WHEREAS, **RESPONDENTS** have voluntarily waived all rights to a formal hearing and have consented to the entry of this Order; and

WHEREAS, the Commission finds this Order necessary and appropriate, in the public interest, and consistent with the purposes fairly intended by the policy and

provisions of the Act; and

WHEREAS, the Commission and **RESPONDENTS** are desirous of settling this matter as hereafter set forth and agree to the entry of this Order;

ACCORDINGLY, IT IS HEREBY AGREED:

1. That **RESPONDENTS** shall consult with their retained legal counsel for advice concerning private offerings and shall adopt proper procedures to preclude any future non-compliance with the Act.

2. That in settlement of the issues raised by these facts, in accordance with Ala. Code §8-6-19(j)(1) (1975), **RESPONDENTS** shall pay to the State of Alabama an administrative assessment in the amount of Five Hundred Dollars (\$500.00), said funds to be tendered in certified funds payable to the State of Alabama contemporaneously with the entry of this Order.

3. That in settlement of the issues raised by these facts, in accordance with Ala. Code § 8-6-19(k)(1) (1975), **RESPONDENTS** shall pay to the Alabama Securities Commission Five Hundred Dollars (\$500.00), said funds to be tendered in certified funds contemporaneously with the entry of this Order.

AGREED by **RESPONDENTS**:

GIGAPIX STUDIOS, INC.



CHRISTOPHER J. BLAUVELT
CEO and DIRECTOR

9/28/10
Date



CHRISTOPHER J. BLAUVELT

9/28/10
Date

APPROVED AND AGREED this 4th day of October, 2010.



ALABAMA SECURITIES COMMISSION
401 Adams Avenue, Suite 280
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(334) 242-2984

BY:

A handwritten signature in black ink, appearing to read "Joseph P. Borg", is written over a horizontal line. The signature is stylized and extends above and below the line.

JOSEPH P. BORG
Director