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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Karl Wayne Harris, aka Carl Harris, Wayne Harris, and as Dwayne Harris, General Partner
Ernie Prince, General Partner
Stuart Hotchkiss Murray
Steve Russell, Manager
James Williams, Senior Producer
Cinetech Films, a California Limited Partnership, dba Cinetech Films, Cinetek Films, and as
Cinetech Entertainment
12241 Santa Monica Blvd.
Los Angeles, CA 90025

and
18543 Devonshire Street, Suite 163 and 168
Northridge, CA 91324

and
1846 14th Street, #200
Santa Monica, CA 90404

DESIST AND REFRAIN ORDER
(For violations of section 25110 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times, Karl Wayne Harris, also known as Carl Harris, Wayne Harris, and as Dwayne Harris (“Harris”), was General Partner of Cinetech Films, a California Limited Partnership, doing business as Cinetech Films, Cinetek Films, and as Cinetech Entertainment (“Cinetech”), a California limited partnership formed on January 18, 2005. Cinetech uses the registered address of 12241 Santa Monica Blvd., Los Angeles, California 90025, and also purports to operate from the addresses of 18543 Devonshire Street, Suite 163 and 168, Northridge, California 91324, and 1846 14th Street, #200, Santa Monica, California 90404.

1 2. The address of 1846 14th Street, #200, Santa Monica, California 90404, however, is fictitious
2 and does not exist.

3 3. At all relevant times, Ernie Prince (“Prince”) was also General Partner of Cinetech.

4 4. At all relevant times, Stuart Hotchkiss Murray (“Murray”) worked for Cinetech, and
5 substantially assisted Cinetech by at least establishing the addresses used by Cinetech to solicit and
6 receive investor funds.

7 5. At all relevant times, Steve Russell (“Russell”) was a Manager for Cinetech and worked to
8 solicit investors for Cinetech.

9 6. At all relevant times, James Williams (“Williams”) was the Senior Producer for Cinetech,
10 overseeing all facets of production.

11 7. Beginning in or about January, 2007, Harris, Prince, Murray, Russell, Williams and Cinetech
12 offered or sold securities in the form of investment contracts in units of Cinetech.

13 8. Through cold-calling and other means of general solicitation, Harris, Prince, Murray, Russell,
14 Williams and Cinetech offered or sold 25 Limited Partnership Units at \$20,000 per unit, or
15 fractionalized interests therein, to raise \$500,000.

16 9. The purported purpose of the offering was to raise funds to “arrange for the distribution of
17 one motion picture film and video cassettes”, and which funds may be used by the General Partner
18 “to pay all costs associated with this offering.” Cinetech is described to investors as specializing in
19 “producing and distributing high quality family entertainment to Cable, Satellite and Home video
20 markets worldwide”.

21 10. These securities were offered or sold in this state in issuer transactions. The Department of
22 Corporations has not issued a permit or other form of qualification authorizing any person to offer
23 and sell these securities in this state.

24 11. In connection with these offers and sales, Harris, Prince, Murray, Russell, Williams, and
25 Cinetech represented or omitted to disclose to investors that:

26 a. The address 18543 Devonshire Street, Suite 163, Northridge, California 91324 is a
27 mail drop opened by Murray using the business name of Cinetek Films located at 1846 14th Street,
28 #200, Santa Monica, California 90404, which is a location that does not exist;

1 b. The address of 18543 Devonshire Street, Suite 168, Northridge, California 91324 is
2 also a mail drop, but which belongs to another company called MSH Trucking.

3 c. The phone number (877) 585-5955, which is given to investors who then call
4 regarding payment of promised returns, routes calls to an answering machine where messages are not
5 returned.

6 d. Since 1986, Harris has had a history of arrests and criminal convictions, serving jail
7 and prison sentences in California for such crimes as selling or furnishing and possession and use of
8 drugs, grand theft and theft. Some of Harris' arrests and criminal convictions include:

- 9 • In or about October and November, 1988—arrested for grand theft auto and convicted
10 of taking another's vehicle;
- 11 • In or about December, 1989—arrested and convicted of possession of a controlled
12 substance;
- 13 • In or about February, 1990—arrested and convicted of theft;
- 14 • In or about April, 1991—arrested and convicted of selling a controlled substance;
- 15 • In or about August, 1991—arrested and convicted of selling a controlled substance;
- 16 • In or about September, 1992—probation was revoked for burglary;
- 17 • In or about June, 1993—convicted for vehicle theft; and
- 18 • In or about March, 2001—convicted of selling and/or furnishing drugs.

19 Based upon the foregoing findings, the California Corporations Commissioner is of the
20 opinion that the units of Cinetech Films, a California Limited Partnership, dba Cinetech Films,
21 Cinetek Films, and as Cinetech Entertainment, are securities subject to qualification under the
22 California Corporate Securities Law of 1968 and are being or have been offered or sold without being
23 qualified in violation of Corporations Code section 25110. Pursuant to section 25532 of the
24 Corporate Securities Law of 1968, Karl Wayne Harris, aka Carl Harris, Wayne Harris, and as
25 Dwayne Harris, Ernie Prince, Stuart Hotchkiss Murray, Steve Russell, James Williams, and Cinetech
26 Films, a California Limited Partnership, dba Cinetech Films, Cinetek Films, and as Cinetech
27 Entertainment are hereby ordered to desist and refrain from the further offer or sale in the State of
28 California of securities, including but not limited to investment contracts in the form of units of

1 Cinetech Films, a California Limited Partnership, dba Cinetech Films, Cinetek Films, and as Cinetech
2 Entertainment, unless and until qualification has been made under the law. This Order is necessary,
3 in the public interest, for the protection of investors and consistent with the purposes, policies, and
4 provisions of the Corporate Securities Law of 1968.

5 Further, the California Corporations Commissioner is of the opinion that the securities of
6 Cinetech Films, a California Limited Partnership, dba Cinetech Films, Cinetek Films, and as Cinetech
7 Entertainment, were offered or sold in this state by means of written or oral communications which
8 included an untrue statement of a material fact or omitted to state a material fact necessary in order to
9 make the statements made, in the light of the circumstances under which they were made, not
10 misleading, in violation of section 25401 of the Corporate Securities Law of 1968. Pursuant to
11 section 25532 of the Corporate Securities Law of 1968, Karl Wayne Harris, aka Carl Harris, Wayne
12 Harris, and as Dwayne Harris, Ernie Prince, Stuart Hotchkiss Murray, Steve Russell, James Williams,
13 and Cinetech Films, a California Limited Partnership, dba Cinetech Films, Cinetek Films, and as
14 Cinetech Entertainment are hereby ordered to desist and refrain from offering or selling or buying or
15 offering to buy any security in the State of California, including but not limited to investment
16 contracts in the form of units of Cinetech Films, a California Limited Partnership, dba Cinetech
17 Films, Cinetek Films, and as Cinetech Entertainment, by means of any written or oral communication
18 which includes an untrue statement of a material fact or omits to state a material fact necessary in
19 order to make the statements made, in the light of the circumstances under which they were made, not
20 misleading. This Order is necessary, in the public interest, for the protection of investors and
21 consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

22 Dated: April 2, 2009
23 Sacramento, California

PRESTON DuFAUCHARD
California Corporations Commissioner

24
25
26 By _____
27 ALAN S. WEINGER
28 Acting Deputy Commissioner
Enforcement Division