



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
MAD BABY PICTURES, LLC; and) AP-16-07
PATRICK H. PINKSTON)
)
Respondents.)

CONSENT ORDER

SUMMARY OF SECURITIES DIVISION’S ALLEGATIONS

1. The Missouri Securities Division of the Office of Secretary of State (“Securities Division”), through Counsel Sandra J. McDowell, has alleged that: (a) Mad Baby Pictures, LLC and Patrick H. Pinkston (“Respondents”) offered and sold unregistered, non-exempt securities; (b) Respondent Patrick Pinkston (“Pinkston”) transacted business in Missouri as a securities agent without being registered or exempt from registration as an agent; and (c) Respondent Mad Baby Pictures LLC (“MBP”) employed Pinkston, who transacted business in Missouri as an agent without being registered or exempt from registration as an agent, and that this constitutes grounds to issue an order pursuant to Section 409.6-604, RSMo. (Cum. Supp. 2013)¹.
2. Respondents and the Securities Division desire to settle the allegations and the matters raised by the Securities Division relating to the Respondents’ alleged violations of sections 409.3-301, 409.4-401, and 409.4-402.

CONSENT TO JURISDICTION

3. Respondents and the Securities Division stipulate and agree that the Missouri Commissioner of Securities (“Commissioner”) has jurisdiction over Respondents and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*

¹ Unless otherwise noted, all statutory references are to the 2013 cumulative supplement to the Revised Statutes of Missouri.

4. Respondents and the Securities Division stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides:

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

WAIVER AND EXCEPTION

5. Respondents waive Respondents’ right to a hearing with respect to this matter.
6. Respondents waive any rights that Respondents may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondents specifically forever release and hold harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
7. Respondents stipulate and agree with the Securities Division that, should the facts contained herein prove to be false or incomplete in a material way, the Securities Division reserves the right to pursue any and all legal or administrative remedies at its disposal, and Respondents reserve the right to put forth any and all legal or administrative defenses.

CONSENT TO COMMISSIONER’S ORDER

8. Respondents and the Securities Division stipulate and agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondents agree not to take any action or to make or permit to be made any public statement that this Order is without factual basis. Nothing in this paragraph affects Respondents’ (a) testimonial obligations; (b) right to take legal or factual positions in connection with litigation, arbitration, or other legal proceeding in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondents agree that Respondents are not the prevailing parties in this action since the parties have reached a good faith settlement.

11. Respondents neither admit nor deny the allegations made by the Securities Division, but consent to the Commissioner's Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

COMMISSIONER'S FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

12. Pinkston is a Missouri resident with an address of 7423 Flora Avenue, St. Louis, Missouri 63143. A check of the Central Registration Depository ("CRD") indicates that Pinkston is assigned CRD number 705258.
13. MBP is a Missouri limited liability company organized in the State of Missouri on August 28, 2008, with an address of 3316 Halliday, St. Louis, Missouri 63118. The registered agent for MBP is Pinkston, with an address of 3316 Halliday, St. Louis, Missouri 63118.
14. At all times relevant to this matter, neither Pinkston nor MBP has been registered with the State of Missouri as an investment adviser, investment adviser representative, broker-dealer, or agent.
15. At all times relevant to this matter, there was no registration, granted exemption or notice filing indicating status as a "federal covered security" for any securities offered by MBP or Pinkston.
16. During July 2013, Pinkston sought help in making a film in Barcelona, Spain. In response, Pinkston was contacted by a resident of Puerto Rico ("PR") who had been living for some time in Barcelona. PR described herself to Pinkston as "an actress and novice film-maker," who had been living in Barcelona for 30 years. PR advised that she wished "to discuss the possibilities of collaborating on your project in some capacity," and advised Pinkston that she would be in the United States during August 2013 and wished to meet to discuss the film. In or around August 2013, PR did, in fact, travel to St. Louis, Missouri, where she met with Pinkston and discussed a movie to be entitled, *The Thin Veil*. This movie was to be produced through Pinkston's company, MBP. Pinkston told PR more about the film and showed PR potential film scenes in St. Louis.

17. During September 2013, PR advised Pinkston of her desire to "...put money and more than money my time, energy and abilities into making *The Thin Veil* a success." Further, PR advised Pinkston, "Knowing that this is a film project, there is a slim possibility there will be no profits and no return on investment...fair enough. But the fact is there are going to be profits and I'm gonna be a factor in making those profits come in." PR advised Pinkston that she wanted "a written agreement which guarantees me a fair stake in the earnings of the film, and quantifiable screentime as [a female role in the film]." She offered to invest \$30,000 "...now, and that should earn me a minimum of 21 percent gross earnings of *The Thin Veil*." In response to PR's request, MBP and Pinkston offered an unregistered, non-exempt security by sending PR a document entitled "Investment Agreement" dated September 16, 2013. PR rejected the terms of the Investment Agreement and never signed it. Nonetheless, on September 20, PR wired \$25,000 to MBP's bank account and told Pinkston "to spend the money on pre-production of the film."
18. Of the \$25,000 provided by MBP by PR, approximately \$10,000 was spent on pre-production of the film. PR has not received the return of any funds she provided to MBP.

II. CONCLUSIONS OF LAW

19. The Commissioner finds (a) Respondents MBP and Pinkston offered an unregistered, non-exempt security; (b) Respondent Pinkston transacted business in Missouri as an unregistered agent; and (c) and Respondent MBP employed an unregistered agent, and that this conduct constitutes grounds to issue an order pursuant to section 409.6-604.
20. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondents and the Securities Division, finds and concludes that the Commissioner has jurisdiction over Respondents and this matter and that the following Order is in the public interest, necessary for the protection of public investors and consistent with the purposes intended by Chapter 409.

III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

21. Respondents are permanently enjoined and restrained from offering and selling securities, employing unregistered agents, and transacting business in Missouri by offering and/or selling securities without being registered or exempt from registration as an agent.
22. Respondents are ordered to pay, jointly and severally, \$15,000 in restitution. This amount shall be paid in 100 equal installments of \$150 each on the 1st day of each month, commencing within 90 days of the effective date of this Consent Order. Such payments shall be sent to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101, and shall be payable to the Missouri Secretary of State's Investor Restitution

Fund. These payments will be distributed by that Fund to the investor as stated on the attached Exhibit A. If Respondents fail to make any payment described in this paragraph, the full amount remaining shall be immediately due and payable after 60 days' notice to cure, and if any amount remains unpaid after such 60-day cure period, the Commissioner may refer this matter for enforcement as provided in Sections 409.6-603 and 409.6-604.

23. Respondents are ordered to jointly and severally pay \$5,000 as the cost of this investigation. This amount shall be suspended provided Respondent complies with the terms of this Consent Order and does not violate the Missouri Securities Act for a period of five years from the date of execution of this Consent Order. This suspended amount shall become due immediately upon the sooner of (1) Respondent Pinkston's or Respondent MBP's noncompliance with the terms of this Consent Order, or (2) a finding, after notice and opportunity for a hearing, by the Commissioner or a court of competent jurisdiction, that either of Respondents have violated the Missouri Securities Act. Such immediately due payments shall be in addition to all other penalties then available under the law. However, in the event that a violation is determined to have occurred, before the payment of such costs may be accelerated and due in its entirety, Respondents shall have 60 days from the date they are notified of such violation to either remedy the violation and come into compliance with the Consent Order or present proof of substantial hardship to the Enforcement Section.
24. After 5 years from the date of this Consent Order, provided Respondents have complied with all the terms of this Consent Order, all suspended payments referenced in paragraph 23 above are waived.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 6th DAY OF March, 2017.

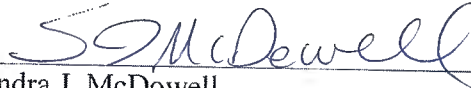


John R. Ashcroft
SECRETARY OF STATE


David Minnick
COMMISSIONER OF SECURITIES

Consented to by:

THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION



Sandra J. McDowell
Counsel for Petitioner

Respondents Patrick Pinkston and Mad Baby
Pictures, LLC



By: Patrick Pinkston, Individually and as a
representative and registered agent of Mad
Baby Pictures, LLC

Approved as to Form:



Hal Goldsmith

Bryan Cave LLP
Attorneys for Respondents