

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF determining
whether there has been a violation of the
Securities Act of Washington by:

DONALD G. JACKSON and MICRO-BUDGET
VIDEO FEATURES IX, a California limited partnership
-Respondents

SDO – 111(A) - 00

STATEMENT OF CHARGES AND NOTICE
OF INTENTION TO ENTER ORDER TO
CEASE AND DESIST

Case No. 00-11-0478

THE STATE OF WASHINGTON TO: DONALD G. JACKSON and MICRO-BUDGET VIDEO FEATURES IX

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, DONALD G. JACKSON and MICRO-BUDGET VIDEO FEATURES IX, have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 to cease and desist from such violations. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I.

RESPONDENTS

1. Micro-Budget Video Features IX (“Micro-Budget”) was a California limited partnership that was formed in 1994 and had its principal place of business in Santa Monica, California.
2. Donald G. Jackson was the general partner of Micro-Budget.

II.

TELEPHONE SOLICITATION

In January 1997, Jackson “cold called” a Washington resident to solicit the resident to purchase a limited partnership investment in Micro-Budget, a California limited partnership that was supposed to be producing and distributing two motion pictures using funds from investors. Jackson claimed that he was producing the motion pictures.

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1 Jackson also claimed that Micro-Budget investors would quickly recoup their investment and begin earning profits from
2 the sale of the films. Jackson made several additional phone calls to the Washington resident, who invested \$2,500 in
3 Micro-Budget in February 1997. The investor expected to receive a profit from her investment without participating in
4 the management or operation of Micro-Budget.

5 III.

6 MISREPRESENTATIONS AND OMISSIONS

7 When offering and selling the Micro-Budget investment to the Washington investor, Jackson and Micro-Budget
8 misrepresented the likely profitability of the investment by distributing offering materials that showed estimated revenues
9 without showing the related expenses. Jackson and Micro-Budget failed to specify the use of proceeds from the investors.
10 They failed to identify the films that would be produced with the investors' funds. They failed to give the Washington
11 investor any financial statements for Micro-Budget. Jackson and Micro-Budget also failed to disclose their business
12 operating history and the risks of the Micro-Budget investment.

13 IV.

14 UNREGISTERED SECURITIES

15 Micro-Budget is not currently registered to sell its securities in the state of Washington and has not previously
16 been so registered.

17 V.

18 UNREGISTERED BROKER-DEALER AND SALESPERSONS

19 Jackson is not currently registered as a securities salesperson or broker-dealer in the state of Washington and has
20 not previously been so registered.

1 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

2 **CONCLUSIONS OF LAW**

3 **I.**

4 The offer and sale of the limited partnership interests described in paragraphs II and III of the Tentative Findings
5 of Fact constitutes the offer and sale of a security, as defined in RCW 21.20.005(10) and (12), in the form of an
6 investment contract.

7 **II.**

8 The offer and sale of said securities is in violation of RCW 21.20.140 because no registration for such offer or
9 sale is on file with the Washington Securities Administrator.

10 **III.**

11 Donald G. Jackson has violated RCW 21.20.040 by offering and selling said securities while not registered as a
12 securities salesperson or broker-dealer in the state of Washington.

13 **IV.**

14 The offer and sale of said securities was made in violation of RCW 21.20.010 because, as described in paragraphs
15 I through III of the Tentative Findings of Fact, in connection with the offer and sale of the securities, Jackson, as an agent
16 or representative of Micro-Budget, made untrue statements of material fact or omitted to state material facts necessary in
17 order to make the statements made not misleading to investors.

18 **NOTICE OF INTENTION TO ORDER THE RESPONDENT TO CEASE AND DESIST**

19 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to
20 order that respondents and their agents, employees, successors and assigns shall each permanently cease and desist from
21 violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140.

22 **AUTHORITY AND PROCEDURE**

23 This STATEMENT OF CHARGES AND NOTICE OF INTENTION TO ENTER ORDER TO CEASE AND
24 DESIST is entered pursuant to the provisions of RCW 21.20.390 and is subject to the provisions of ch. 34.05 RCW. The
25 respondents, DONALD G. JACKSON and MICRO-BUDGET VIDEO FEATURES IX, may each make a written request

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1 for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
2 accompanying this order. If a respondent fails to request a hearing within the allowed time, the Securities Administrator
3 intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent cease and
4 desist order against that respondent.

5 DATED this 13TH day of December, 2000.

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8 DEBORAH R. BORTNER
9 Securities Administrator

10 Presented by:

11 _____
12 Janet So
13 Securities Examiner

14 Approved by:

15
16 _____
17 Michael E. Stevenson
18 Chief of Compliance

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