

**ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF: \*

VAN ON STAGE, LLC, and \*

VAN WHITFIELD, individually \*                      File No. 2004-0486  
and in his capacities with the \*  
company, \*

Respondents. \*

\* \* \* \* \*

**FINAL ORDER TO CEASE AND DESIST  
AND ORDER OF BAR**

WHEREAS, the Division of Securities of the Office of the Maryland Attorney General (the "Division"), pursuant to the authority granted by the Maryland Securities Act, Corporations and Associations Article, section 11-701, Annotated Code of Maryland (1999 Repl. Vol. & 2004 Cum. Supp.) (the "Act"), instituted an investigation of apparent violations of the Act by Van On Stage, LLC ("Stage"), and Van Whitfield ("Whitfield") (together, the "Respondents"); and

WHEREAS, on the basis of that investigation, the Maryland Securities Commissioner (the "Commissioner") has concluded that the Respondents have violated the securities and selling person registration requirements of the Act, and has concluded that the Respondents violated the anti-fraud provisions of the Act, and further determined that action against the Respondents is in the public interest; and

WHEREAS, pursuant to section 11-701.1(a) of the Act, the Commissioner issued on November 8, 2004, an Order To Show Cause (the "Order to SC"), incorporated herein by reference, requiring Respondents to show cause why: each Respondent should not be barred permanently from engaging in the securities and investment advisory business in Maryland; why a monetary penalty should not be entered against each Respondent; and why a final order should not be entered ordering each of the Respondents to cease and desist from further violations of the Act; and

WHEREAS, the Order to SC gave Respondents notice of the opportunity for a hearing in this matter, provided that Respondents submitted an answer within 15 days of service of the Order to SC, including any request for a hearing, and gave notice to Respondents that failure to do so would be deemed a waiver of the right to a hearing and result in the entry of a final order; and

WHEREAS, a copy of the Order to SC was served upon Respondents and upon the Commissioner in accordance with section 11-802 of the Act; and

WHEREAS, as to each Respondent, all process was returned marked "unclaimed" in connection with Respondents' last known addresses, and neither Respondent has submitted an answer to the Order to SC, nor a written request for a hearing.

NOW, THEREFORE, THE COMMISSIONER FINDS AND ORDERS:

### **I. JURISDICTION**

1. The Commissioner has jurisdiction in this proceeding pursuant to section 11-701.1 of the Act.

### **II. RESPONDENTS**

2. Van on Stage, LLC, is a District of Columbia limited liability company, formed in May 2000, with its principal operating address at P.O. Box 941, Lanham, Maryland 20706.

3. Van Whitfield, whose last known address is 1863 Foxwood Circle, Bowie, Maryland 20721, founded Stage and serves as president, chairman of the board, and chief executive officer.

4. Whitfield is not, and has never been, registered in Maryland as a broker-dealer or broker-dealer agent. *See Exhibit A, Affidavit of Ellen Cherry.*

5. Whitfield is not, and has never been, registered in Maryland as an issuer agent. *See Exhibit B, Affidavit of Nina Smeltzer.*

### **III. STATEMENT OF FACTS**

On information and belief, the Commissioner alleges the following as the basis for this Final Order To Cease And Desist and Order of Bar ("Final Order").

6. Stage purported to be producing a feature film, a video, and DVD adaptations of Van Whitfield's 1999 Doubleday novel Something's Wrong With Your Scale!

7. Stage, operating in Maryland through its agent Whitfield, offered and sold its securities in the form of "shares of common stock" in or from Maryland during the spring of 2000.

8. During the offering period, Stage was controlled by Whitfield, who was president, chairman of the board, and chief executive officer.

9. In soliciting investments in Stage, Whitfield provided potential investors with various subscription materials, including a private placement memorandum dated May 13, 2000 (the "PPM"). *See* Exhibit C, Private Placement Memorandum of Stage.

10. The PPM Respondents distributed to potential investors omitted material information regarding, among other things, financial information and statements, uses of proceeds, dilution, net tangible assets, employees, management's background and experience, and potential competitors.

11. Respondents did not register the Stage securities offering in Maryland, and failed to file a claim of exemption from such registration, or a notice of preemption as a "federal covered security". *See* Exhibit D, Affidavit of Leah Schuman.

12. On or about May 23, 2000, Respondents sold securities of Stage in the amount of \$2,500 to Joann Paulemont. *See* Exhibit E, copy of Paulemont's check to Stage. *See* Exhibit F, Subscription and Suitability Agreement and Joinder to the Operating Agreement.

#### **IV. CONCLUSIONS OF LAW**

The Commissioner concludes that:

13. The "shares" of interest in Stage offered and sold by Respondents constitute "securities" pursuant to section 11-101(r) of the Act.

14. Section 11-501 of the Act makes it unlawful for any person to offer or sell any security in or from Maryland unless that security is registered or exempt from registration under the Act, or is a federal covered security.

15. Respondents offered and sold securities in violation of section 11-501 of the Act.

16. Section 11-101(b) of the Act defines "agent" to mean an individual other than a broker-dealer, including a partner, officer or director of an issuer, who represents a broker-dealer or issuer in effecting or attempting to effect the purchase or sale of securities.

17. Section 11-101(c) of the Act defines "broker-dealer" to include a person engaged in the business of effecting transactions in securities for the account of others or for his own account.

18. Section 11-101(k) of the Act defines "issuer" to be a person who issues or proposes to issue a security.

19. Section 11-401 of the Act makes it unlawful for any person to transact business in the offer or sale of securities in this state as a "broker-dealer" or securities "agent" unless that person is registered pursuant to the Act.

20. Section 11-402 of the Act makes it unlawful for any broker-dealer or issuer to engage an agent for the offer or sale of securities in this state unless the agent is registered pursuant to the Act.

21. Stage and Whitfield, in violation of sections 11-402 and 11-401 of the Act, respectively, offered and sold securities in Maryland without Whitfield being lawfully registered as a broker-dealer or agent.

22. Section 11-301 of the Act makes it unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to (1) employ any device, scheme or artifice to defraud; (2) make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (3) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit on any person.

23. Respondents omitted material facts necessary to make the PPM not misleading, including facts regarding, among other things, financial information and statements, uses of proceeds, dilution, net tangible assets, employees, management's background and experience, and potential competitors.

## **V. SANCTIONS**

NOW, THEREFORE, the Commissioner finds it to be in the public interest to issue this Final Order, and IT IS HEREBY ORDERED THAT:

24. Respondents each permanently cease and desist from engaging in the offer and sale of unregistered, non-exempt securities in violation of section 11-501 of the Act.

25. Whitfield permanently cease and desist from acting as an unregistered agent or broker-dealer in Maryland in violation of section 11-401 of the Act.

26. Stage permanently cease and desist from employing unregistered agents for the offer and sale of securities in violation of section 11-402 of the Act.

27. Respondents are permanently barred from engaging in the securities and investment advisory businesses in Maryland for or on behalf of others, or from acting as a principal or consultant in any entity so engaged, or from acting as broker-dealers, broker-dealer agents, issuer-agents, or investment advisers.

28. Stage is assessed a civil monetary penalty, pursuant to section 11-702 of the Act, in the amount of \$15,000 (\$5,000 for each of three violations of the Act), payable by certified check to the order of the Office of the Attorney General.

29. Whitfield is assessed a civil monetary penalty, pursuant to section 11-702 of the Act, in the amount of \$15,000 (\$5,000 for each of three violations of the Act), payable by certified check to the order of the Office of the Attorney General.

#### **VI. JURISDICTION RETAINED**

30. Jurisdiction is retained by the Commissioner for the purposes of enabling any party to this Final Order to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Final Order.

**SO ORDERED:**

\_\_\_\_\_, 2005

\_\_\_\_\_  
MELANIE SENTER LUBIN  
Securities Commissioner

Maryland Division of Securities  
200 St. Paul Place, 25th Floor  
Baltimore, Maryland 21202-2020  
(410) 576-6360

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing Final Order To Cease and Desist and Order of Bar by causing a copy to be delivered by United States mail, certified/return-receipt-requested postage prepaid, and by regular United States mail, to:

Van on Stage, LLC  
P.O. Box 941  
Lanham, Maryland 20706

Van Whitfield  
1863 Foxwood Circle  
Bowie, Maryland 20721

and by serving a copy by hand delivery to Melanie Senter Lubin, Securities Commissioner, 200 St. Paul Place, Baltimore, MD 21202.

February , 2005

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Timothy F. Cox  
Assistant Attorney General

Maryland Division of Securities  
200 St. Paul Place, 25th Floor  
Baltimore, Maryland 21202-2020  
(410) 576-7045

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File No. 2004-0486

Respondents. \*

\* \* \* \* \*

**AFFIDAVIT OF COMPLIANCE WITH SECTION 11-802(A)**

I HEREBY CERTIFY that on February , 2005, I caused a copy of the foregoing Final Order To Cease And Desist and Order of Bar to be served on the Securities Commissioner in connection with the captioned case, and a copy to be deposited in the United States Postal Service, certified mail, return receipt requested, in accordance with section 11-802(a)(3)(i) of the Maryland Securities Act, addressed to the following Respondents at the last known address indicated for each Respondent:

Van on Stage, LLC  
P.O. Box 941  
Lanham, Maryland 20706

Van Whitfield  
1863 Foxwood Circle  
Bowie, Maryland 20721

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Timothy F. Cox  
Assistant Attorney General  
Maryland Division of Securities  
200 St. Paul Place  
Baltimore, Maryland 21202-2020  
(410) 576-7045

I HEREBY CERTIFY that on this \_\_\_ day of \_\_\_\_\_, 2005, before me, the subscriber, a notary public of the State of Maryland, in and for the City of Baltimore, personally appeared Timothy F. Cox and made oath in due form of law that the matters and facts set forth in the above certification are true.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_