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**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:

Order No.: S-09-018-11-CO01

Gigapix Studios, Inc.; Christopher Blauvelt,  
Respondents

CONSENT ORDER

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**INTRODUCTION**

On October 14, 2010, the Securities Division of the Department of Financial Institutions (“Securities Division”) entered a Statement of Charges, S-09-018-10-SC01, against Respondents Gigapix Studios, Inc. and Christopher Blauvelt.

Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division and Respondents Gigapix Studios, Inc. and Christopher Blauvelt, do hereby enter into this CONSENT ORDER in settlement of the above captioned matter. Respondents Gigapix Studios, Inc. and Christopher Blauvelt neither admit nor deny the Findings of Fact and Conclusions of Law stated below.

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**FINDINGS OF FACT**

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*Respondents*

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1. Gigapix Studios, Inc. (“Gigapix”) is a California corporation with its principal place of business located in Chatsworth, California. Gigapix is a digital studio formed to produce films, television series, interactive content and visual effects using computer generated imagery.

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2. Christopher Blauvelt (“Blauvelt”) is the Chief Executive Officer of Gigapix.

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*Nature of the Conduct*

1 3. Prior to February 2009, Gigapix solicited investments from at least 222 Washington  
2 residents. During the same time period, Gigapix solicited investments from residents of multiple other  
3 states.

4 4. The private placement memorandum investors received offered Gigapix units at a price of \$1  
5 per unit. Each unit consisted of one share of Gigapix common stock and a warrant to purchase additional  
6 shares of common stock at the same price at a later date.

7 5. At least 30 Washington residents purchased Gigapix units as a result of this solicitation. At  
8 least 9 of the 30 investors received unsolicited calls to initiate the offer and sale.

9 6. Gigapix represented in its private placement memorandum that its securities were offered in  
10 reliance upon Regulation D Rule 506. Gigapix failed to abide by the restrictions of Rule 506 by using  
11 general solicitation to market the securities.

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13 *Resident A*

14 7. In early 2007, Washington Resident A received an unsolicited call from a salesperson of  
15 Gigapix. Resident A had no prior business or personal relationship with either Gigapix or Blauvelt.  
16 Resident A is not an accredited investor. The salesperson offered Resident A an investment in Gigapix  
17 units, and told Resident A that the investment was like getting in on the ground floor of a company like  
18 Pixar. The salesperson failed to explain that there could be no assurance that Gigapix would have similar  
19 success.

20 8. After the phone call, Resident A received a letter in the mail from Blauvelt and subscription  
21 documents for investing in Gigapix units. Each unit gave the investor one share of common stock and four  
22 warrants that could be exercised to purchase four additional shares of common stock at the price of \$1 per  
23 share prior to July 31, 2011.

1 9. The Private Placement Memorandum (“PPM”) provided by Gigapix to Resident A contained  
2 disclaimers including that no person had been authorized to make any representations beyond those  
3 contained in the PPM and that any other representations must not be relied upon as having been authorized  
4 by the company. The PPM disclosed that no public market for the units existed and no assurance could be  
5 made that a market would develop. The PPM also asks the investor to consider whether that investor can  
6 afford a complete loss of the investment.

7 10. In approximately March 2007 Resident A sent Gigapix \$10,000 along with a subscription  
8 agreement to purchase 10,000 Gigapix units.

9 *Resident B*

10 11. In August 2007, Washington Resident B received an unsolicited call from a salesperson for  
11 Gigapix. Resident B had no prior business or personal relationship with either Gigapix or Blauvelt.  
12 Resident B is not an accredited investor. The salesperson offered Resident B an investment in Gigapix  
13 units at a price of \$1 per unit. The salesperson told Resident B that he would make “good money” when  
14 the company went public at about \$20 per unit. The salesperson also told Resident B that the worst he  
15 could do on the investment was to get his money back when Gigapix went public.  
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17 12. Resident B received a PPM in the mail along with some advertising materials. In  
18 approximately November 2007, Resident B purchased \$5,000 worth of Gigapix units.

19 13. The PPM provided by Gigapix to Resident B contained disclaimers including that no person  
20 had been authorized to make any representations beyond those contained in the PPM and that any other  
21 representations must not be relied upon as having been authorized by the company. The PPM disclosed  
22 that no public market for the units existed and no assurance could be made that a market would develop.  
23 The PPM also asks the investor to consider whether that investor can afford a complete loss of the  
24 investment.  
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Misrepresentations and Omissions

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2 14. The statement made by the Gigapix salesperson which stated that an investment in Gigapix  
3 was like getting in on the ground floor of Pixar was misleading. Gigapix failed to provide a reasonable  
4 basis for the comparison and failed to disclose any limitations on the comparison.

5 15. The statements made by the Gigapix salesperson that an investor could make “good money”  
6 when Gigapix went public or that at worst the investor would get his money back were misleading.  
7 Gigapix failed to provide a reasonable basis for those projections and failed to disclose any limitations on  
8 those projections.

Registration Status

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10 16. During the time period described above, Gigapix Studios, Inc. was not registered to sell its  
11 securities in the state of Washington and had not previously been so registered nor had it filed a claim of  
12 exemption from registration. On December 11, 2009 Gigapix notice filed a claim of exemption under  
13 Regulation D Rule 506.

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15 17. Christopher Blauvelt is not currently registered as a securities salesperson or broker-dealer in  
16 the state of Washington and has not previously been so registered.

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

**CONCLUSIONS OF LAW**

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19 1. The offer or sale of Gigapix units described above constitutes the offer or sale of a security  
20 as defined in RCW 21.20.005(10) and (12).

21 2. Respondents Gigapix Studios, Inc. and Christopher Blauvelt violated RCW 21.20.140, the  
22 securities registration provision of the Securities Act, because they offered and/or sold securities for which  
23 there was no registration on file with the Securities Administrator and did not qualify for exemption filing.  
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1 admission of or evidence of any fault, omission or liability of Respondents Gigapix Studios, Inc. and  
2 Christopher Blauvelt in any civil, criminal, arbitration, or administrative proceeding.

3 IT IS FURTHER AGREED that this Consent Order is not intended to prevent Respondents Gigapix  
4 Studios, Inc. and Christopher Blauvelt from offering and selling securities in future offerings.

5 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

6 IT IS FURTHER AGREED that Respondents Gigapix Studios, Inc. and Christopher Blauvelt  
7 entered into this Consent Order freely and voluntarily and with a full understanding of its terms and  
8 significance.

9 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents Gigapix Studios,  
10 Inc. and Christopher Blauvelt waive their rights to a hearing and to judicial review of this matter pursuant  
11 to RCW 21.20.440 and Chapter 34.05 RCW.  
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13 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.  
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15 Signed this 8<sup>th</sup> day of February, 2012.  
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17 Signed by:

18 Gigapix Studios, Inc., by:

19 \_\_\_\_\_  
20 /s/  
21 Christopher Blauvelt  
22 Chief Executive Officer

23 Signed by:

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25 /s/  
Christopher Blauvelt, Individually

SIGNED and ENTERED this 8th day of March, 2012.



William M. Beatty  
Securities Administrator

Approved by:



Suzanne Sarason  
Chief of Enforcement

Presented by:



Jack McClellan  
Financial Legal Examiner

Reviewed by:



Robert Kondrat  
Financial Legal Examiner Supervisor