

STATE OF MAINE
OFFICE OF SECURITIES
121 STATE HOUSE STATION
AUGUSTA, ME 04333

IN RE:

Parasol Films II, Inc., Parasol Films II, LLC, Erik Baquero, Dean McDaniel, Daniel Duarte, Nicholas Melisse

CEASE AND DESIST ORDER

No. 03-016-CDO

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Pursuant to 32 M.R.S.A. §§ 10602 and 10708, the Securities Administrator finds and orders as follows:

1. Parasol Films II, Inc., ("Parasol") is a foreign business entity with a last known business address of 5606 Hollywood Boulevard, Hollywood, Florida 33021. Parasol was incorporated in Florida on July 25, 2000, and is inactive as of September 19, 2003. According to the records of the Maine Office of Securities ("Office"), Parasol is not licensed, and has not applied for a license, as a broker-dealer in the State of Maine.
2. Parasol Films II, LLC, ("LLC") is a foreign business entity with a last known business address of 5606 Hollywood Boulevard, Hollywood, Florida 33021. LLC is an active limited liability company that filed with the Florida Department of State, Division of Corporations on July 18, 2000.
3. Parasol is the managing member of LLC.
4. Erik Baquero ("Baquero") is an individual who at all times relevant to this matter has been the sole shareholder, Chairman, Chief Executive Officer, President, and Director of Operations of Parasol and a control person of Parasol and LLC, as defined in 32 M.R.S.A. §10602(3). Baquero's last known business address is 5606 Hollywood Boulevard, Hollywood, Florida 33021.

5. Dan Duarte (“Duarte”) is an individual who at all times relevant to this matter was an employee of Parasol with a last known business address of 5606 Hollywood Boulevard, Hollywood, Florida 33021. According to the records of the Office, Duarte is not licensed, and has not applied for a license, as a sales representative in the State of Maine.
6. Dean McDaniel (“McDaniel”) is an individual who at all times relevant to this matter was an employee of Parasol with a last known business address of 5606 Hollywood Boulevard, Hollywood, Florida 33021. According to the records of the Office, McDaniel is not licensed, and has not applied for a license, as a sales representative in the State of Maine.
7. Nicholas Melisse (“Melisse”) is an individual with a last known business address of 5606 Hollywood Boulevard, Hollywood, Florida 33021. At all relevant times, Melisse was an employee and Executive Producer of Parasol. According to the records of the Office, Melisse is not licensed, and has not applied for a license, as a sales representative in the State of Maine.
8. During the time period between March 2001 and May 11, 2001, Duarte, Melisse, and McDaniel solicited two Kittery, Maine, residents (the “Maine residents”) by telephone on numerous occasions to invest in a film called “Shooting Blanks” that was to star Patrick Swayze and Jennifer Tilley.
9. On or about March 31, 2001, Melisse sent the Maine residents a letter soliciting an investment in LLC and a package of information. The letter indicated that “Shooting Blanks” is LLC’s “latest movie.” The package of information contained a Confidential Private Placement Memorandum for LLC.
10. On May 11, 2001, the Maine residents each invested \$1,250 (\$2,500 total) to purchase 250 total units of interest in LLC as joint tenants.
11. On or about January 23, 2002, the Maine residents received an offer of rescission by mail from LLC.
12. On February 20, 2002, the Maine residents accepted the rescission offer from LLC by signing and returning it to LLC by mail in care of Parasol.
13. LLC returned \$800 to one Maine investor in two transactions, \$675 on September 18, 2002, and \$125 on November 9, 2002. LLC returned \$325 to the other Maine investor on November 9, 2002.
14. Pursuant to 32 M.R.S.A. § 10401, a person may not offer and sell any security in Maine unless the security is registered under the Revised Maine Securities Act (the “Act”) or the security or the transaction is exempt under the Act or the security is a federal covered security.

15. According to the records of the Office, the units in LLC are not registered under the Act for offer and sale in Maine. The Office is not aware of any exemption or type of federal covered security for which the offer and sale of the units would qualify.
16. Parasol, LLC, Duarte, McDaniel, and Melisse violated 32 M.R.S.A. § 10401 by offering and selling unregistered securities in Maine.
17. Pursuant to 32 M.R.S.A. § 10301(1), it is unlawful for any person to transact business in Maine as a broker-dealer or sales representative unless licensed or exempt from licensing under the Act.
18. Parasol violated 32 M.R.S.A. § 10301(1) when it offered and sold securities in Maine as a broker-dealer without being licensed under the Act.
19. McDaniel, Duarte, and Melisse violated 32 M.R.S.A. § 10301(1) when they offered and sold securities in Maine as sales representatives of Parasol without being licensed under the Act.
20. Pursuant to § 10301(2), it is unlawful for any broker-dealer to employ or contract with a person as a sales representative in Maine unless the sales representative is licensed under the Act.
21. Parasol violated § 10301(2) when it employed or contracted with McDaniel, Duarte, and Melisse as sales representatives in Maine when they were not licensed under the Act.
22. Pursuant to 32 M.R.S.A. § 10602(3), as a “control person” of Parasol and LLC, Baquero is liable for the securities law violations of Parasol, LLC, McDaniel, Duarte, and Melisse, to the same extent as Parasol, LLC, McDaniel, Duarte, and Melisse.
23. Pursuant to 32 M.R.S.A. § 10602(1), the administrator may issue a cease and desist order if she reasonably believes that any person has engaged, is engaging or is about to engage in any act or practice constituting a violation of any provision of the Revised Maine Securities Act.
24. On March 25, 2004, the Securities Administrator issued a Notice of Intent to Issue a Cease and Desist Order ("Notice") against the respondents, giving each of them thirty (30) days to request a hearing on the matter. None of the respondents requested a hearing except for Baquero.
25. In accordance with 5 M.R.S.A. § 9053(3), and Section 19(1) of Office of Securities Rule Chapter 540, the Securities Administrator may dispose of this proceeding by default against all respondents except Baquero.

FINAL ORDER

NOW, THEREFORE, it is ORDERED that Parasol Films II, Inc., Parasol Films II, LLC, Dean McDaniel, Daniel Duarte, and Nicholas Melisse permanently CEASE AND DESIST from violating any provisions of the Revised Maine Securities Act, including the prohibitions against offering and selling securities that are neither registered nor exempt from registration under the Act, against transacting business in Maine as a broker-dealer or sales representative unless licensed or exempt from licensing under the Act, and against employing or contracting with persons as sales representatives in Maine unless the sales representatives are licensed under the Act.

Pursuant to 32 M.R.S.A. § 10708, this is a final order, entered after notice and opportunity for hearing. Pursuant to 32 M.R.S.A. § 10709, a party may obtain judicial review of the order in Kennebec County Superior Court by filing a petition within thirty (30) calendar days after receipt of the order, in accordance with 5 M.R.S.A. § 11001 et seq. and Rule 80C of the Maine Rules of Civil Procedure.

Date: August 25, 2004

s/Christine A. Bruenn
Christine A. Bruenn
Securities Administrator

Reviewed by:

Date: August 25, 2004

s/Bonnie E. Russell
Bonnie E. Russell
Assistant Securities Administrator

Presented by:

Date: August 25, 2004

s/Michael W. Atleson
Michael W. Atleson
Staff Attorney