

BEFORE THE  
DEPARTMENT OF BUSINESS OVERSIGHT  
STATE OF CALIFORNIA

In the Matter of:

THE CALIFORNIA COMMISSIONER OF  
BUSINESS OVERSIGHT,

Complainant,

v.

STEREO VISION ENTERTAINMENT,  
INC., and JOHN H. HONOUR, aka JACK  
HONOUR,

Respondents.

OAH No. 2014100392

DECISION

The attached Proposed Decision of the Administrative Law Judge of the Office of Administrative Hearings, dated December 19, 2014, is hereby adopted by the Department of Business Oversight as its Decision in the above-entitled matter.

This Decision shall become effective on April 8, 2015.

IT IS SO ORDERED this 9th day of March, 2015.

COMMISSONER OF BUSINESS OVERSIGHT

/s/  
Jan Lynn Owen

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Respondents.

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**PROPOSED DECISION**

This matter regularly came for hearing before Samuel D. Reyes, Administrative Law Judge, Office of Administrative Hearings, in Los Angeles, California, on October 29, 2014.

Blaine A. Noblett, Senior Corporations Counsel, appeared on behalf of Complainant Jan Lynn Owen, California Commissioner of Business Oversight (Commissioner), Department of Business Oversight (Department), State of California.

Stereo Vision Entertainment, Inc. (Respondent Stereo Vision), and John H. Honour, aka Jack Honour (Respondent Honour), who are collectively referred to as Respondents, did not appear at the hearing.

Complainant issued a Desist and Refrain Order (Order) on August 26, 2014, finding that Respondents violated the Corporate Securities Law of 1968 (Securities Law), Corporations Code<sup>1</sup> section 25000 *et seq.*, by offering and selling securities without qualification or other authorization, and by making material misrepresentations and omissions in connection with the offers or sales. Based on these findings, Respondents were directed to cease their activities. Respondents thereafter requested a hearing.

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<sup>1</sup> All further references are to the Corporations Code.

Oral and documentary evidence was received at the hearing. The record was left open for Complainant to submit additional evidence and argument regarding service of required documents on Respondents. On November 7, 2014, Complainant submitted the Declaration of A. Noblett Re Service of Notice of Hearing with multiple attachments, which documents have been collectively marked as Exhibit 33. No response was received from Respondents by the November 20, 2014 deadline, and Exhibit 33 was received in evidence. The matter was submitted for decision on November 20, 2014.

#### FACTUAL FINDINGS

1. The Commissioner issued the Order on August 26, 2014, in her official capacity.
2. On October 9, 2014, Respondents requested a hearing to contest the Order.<sup>2</sup>
3. The Commissioner served the Order, the Notice of Hearing, and all other required documents on Respondents.
4. Respondents failed to appear at the hearing despite having notice of the findings and conclusions in the Order and of the time and place of hearing.
5. Respondent Stereo Vision is a Nevada corporation, with a principal address at 1808 Relate Court, Las Vegas, Nevada. At all times material, Respondent Stereo Vision also maintained an office at 15452 Cabrito Road, Suite 204, Van Nuys, California. It was authorized to conduct business in California until November 1, 2010, when the Franchise Tax Board forfeited the company's powers, rights and privileges in California for failure to meet State tax requirements.
6. Respondent Stereo Vision maintains a website at [www.stereovision.com](http://www.stereovision.com). According to its offering materials, Respondent Stereo Vision is a publicly-traded company focused on the delivery of high-quality low-cost three-dimensional (3D) entertainment content.
7. Respondent Honour is Respondent Stereo Vision's chairman, chief executive officer, president, and owner.
8. Respondent Stereo Vision registered its offering with the Securities and Exchange Commission and was a publicly-traded stock, with an over-the-counter symbol of "SVSN," until January 19, 2012, when it voluntarily withdrew its registration.

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<sup>2</sup> On October 29, 2014, Complainant's "Motion to Strike Respondent Stereo Vision Entertainment, Inc's Hearing Request" was granted because Respondent Stereo Vision cannot legally present evidence to contest the Order while its corporate powers, rights and privileges are forfeited by the California Franchise Tax Board due to its failure to meet State tax requirements.

9. In early February 2013, Anthony A. Banducci (Banducci), a California investor with a net worth at the time of less than \$500,000, met Respondent Honour and other officers of Respondent Stereo Vision at the Cabrito address set forth in factual finding number 5. Respondents, acting through Respondent Honour, offered to sell securities in the form of convertible debentures and restricted stock in Respondent Stereo Vision to Banducci. Respondent Honour told Banducci that Respondent Stereo Vision had many entertainment projects in the works, including a 3D movie starring Pamela Anderson entitled "Gonzo's 3-Double-D," and that Chinese and German investors were "looking to invest" \$20 million.

10. During the early February 2013 meeting, Respondents, acting through Respondent Honour, told Banducci that investors "could not lose any money" and that Respondent Stereo Vision was a "public company," which statements constitute material misstatements of fact.

11. Respondents never disclosed to Banducci that the Franchise Tax Board forfeited Respondent Stereo Vision's registration for failure to meet state tax requirements, which information was a material fact.

12. On February 28, 2013, Banducci executed a Convertible Debenture agreement with Respondents, which stated: "It is agreed that [*sic*] the Anthony Banducci will lend to Stereo Vision (the Company) \$75,000 for a period of six months. The Company agrees to make one payment in full at the completion of the term of the loan. It is agreed that this loan and interest will have a restricted stock (OTC:SVSN) conversion option price of \$.10. It is agreed that the company will pay the Lender a 750,000 SVSN restricted share loan origination fee upon date of consideration." (Exh. 12.)

13. On February 28, 2013, in furtherance of the agreement and as instructed by Respondent Honour, Banducci deposited a cashier's check for \$75,000 made out to "Stereo Vision Entertainment, Inc." in Respondents' bank account at Chase Bank, in order to purchase convertible debentures and restricted stock in Respondent Stereo Vision. Seven to nine days later, Banducci received a certificate for 750,000 restricted shares in Respondent Stereo Vision.

14. As set forth in factual finding numbers 9 through 13, Respondents offered and sold securities in the form of convertible debentures and restricted stock to Banducci.

15. Respondents had not qualified the convertible debentures and restricted stock sold to Banducci before they were sold to him.

## LEGAL CONCLUSIONS

1. Section 25110 makes it "unlawful for any person to offer or sell in this state any security in an issuer transaction (other than in a transaction subject to Section 25120), whether or not by or through underwriters, unless the sale has been qualified under Section 25111,

25112 or 25113 (and no order under section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification) or unless such security or transaction is exempted or not subject to qualification under Chapter 1 (commencing with section 25100) of this part." In any proceeding under the Securities Law, "the burden of proving an exemption or an exception from a definition is upon the person claiming it." (§ 25163).

2. The Commissioner issued the Order pursuant to the authority found in section 25532, which provides, in pertinent part:

"(a) If, in the opinion of the commissioner, (1) the sale of a security is subject to qualification under this law and it is being offered or sold without first being qualified, the commissioner may order the issuer or offeror of the security to desist and refrain from the further offer or sale of the security until the qualification has been made under this law or (2) the sale of a security is subject to the requirements of Section 25100.1, 25101.1, or 25102.1 and the security is being or has been offered or sold without first meeting the requirements of those sections, the commissioner may order the issuer or offeror of that security to desist and refrain from the further sale of the security until those requirements have been met.

[¶] . . . [¶]

"(d) If, after an order has been served under subdivision (a), (b), or (c), a request for hearing is filed in writing within 30 days of the date of service of the order by the person to whom the order was directed, a hearing shall be held in accordance with the provisions of the Administrative Procedure Act . . . ."

3. The convertible debentures and restricted stock purchased by Banducci from Respondents are securities within the meaning of section 25019.

4. Qualification means that the Commissioner has found the offering to be "fair, just and equitable." (§ 25140, subd. (b).) The securities sold to Banducci had not been qualified prior to its sale to him.

5. Complainant has established a violation of section 25110, in that securities were offered and sold to Banducci without first having been qualified, by reason of factual finding numbers 8 through 15, and legal conclusion numbers 1 through 5.

6. No evidence was presented at the hearing to establish that the securities sold to Banducci are exempt from the qualification requirement.

7. Section 25401 provides: "It is unlawful for any person to offer or sell a security in this state or buy or offer to buy a security in this state by means of any written or oral communication which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading." In making the statements set forth in factual

finding number 10, and in failing to disclose the fact set forth in factual finding number 11, Respondents made material misstatements of fact and failed to disclose a material fact, in violation of section 25401.

ORDER

Respondent's appeal is denied. The Order was properly issued and shall remain in effect.

Dated: 02/19/14

~~Samuel D. Reyes~~  
Administrative Law Judge  
Office of Administrative Hearings