

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:

Gigapix Studios, Inc.; Christopher  
Blauvelt;

Respondents

Order Number S-09-018-10-SC01

STATEMENT OF CHARGES AND NOTICE  
OF INTENT TO ENTER ORDER TO CEASE  
AND DESIST, IMPOSE FINES, AND  
CHARGE COSTS

THE STATE OF WASHINGTON TO:

Gigapix Studios  
Christopher Blauvelt

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Gigapix Studios, Inc. and Christopher Blauvelt 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 against each to cease and desist from such violations. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

Respondents

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.

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

STATEMENT OF CHARGES AND NOTICE OF  
INTENT TO ENTER ORDER TO CEASE AND DESIST,  
IMPOSE FINES, AND CHARGE COSTS

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DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 Nature of the Conduct

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

5 4. The private placement memorandum investors received offered Gigapix units at a  
6 price of \$1 per unit. Each unit consisted of one share of Gigapix common stock and a warrant to  
7 purchase additional shares of common stock at the same price at a later date.  
8

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

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

14 Resident A

15 7. In early 2007, Washington Resident A received an unsolicited call from a  
16 salesperson of Gigapix. Resident A had no prior business or personal relationship with either  
17 Gigapix or Blauvelt. Resident A is not an accredited investor. The salesperson offered Resident  
18 A an investment in Gigapix units, and told Resident A that the investment was like getting in on  
19 the ground floor of a company like Pixar. The salesperson failed to explain that there could be  
20 no assurance that Gigapix would have similar success.  
21

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

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

3 *Resident B*

4 10. In August 2007, Washington Resident B received an unsolicited call from a  
5 salesperson for Gigapix. Resident B had no prior business or personal relationship with either  
6 Gigapix or Blauvelt. Resident B is not an accredited investor. The salesperson offered Resident  
7 B an investment in Gigapix units at a price of \$1 per unit. The salesperson told Resident B that  
8 he would make “good money” when the company went public at about \$20 per unit. The  
9 salesperson also told Resident B that the worst he could do on the investment was to get his  
10 money back when Gigapix went public.  
11

12 11. Resident B received a private placement memorandum in the mail along with  
13 some advertising materials. In approximately November 2007, Resident B purchased \$5,000  
14 worth of Gigapix units.

15 *Misrepresentations and Omissions*

16 12. The statement made by the Gigapix salesperson which stated that an investment in  
17 Gigapix was like getting in on the ground floor of Pixar was misleading. Gigapix failed to  
18 provide a reasonable basis for the comparison and failed to disclose any limitations on the  
19 comparison.  
20

21 13. The statements made by the Gigapix salesperson that an investor could make  
22 “good money” when Gigapix went public or that at worst the investor would get his money back  
23 were misleading. Gigapix failed to provide a reasonable basis for those projections and failed to  
24 disclose any limitations on those projections.  
25

1 Registration Status

2 14. During the time period described above, Gigapix Studios, Inc. was not registered  
3 to sell its securities in the state of Washington and had not previously been so registered nor had  
4 it filed a claim of exemption from registration. On December 11, 2009 Gigapix notice filed a  
5 claim of exemption under Regulation D Rule 506.  
6

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

9 Other Actions

10 16. On July 1, 2010, the Alabama Securities Division issued an Administrative Order,  
11 No. CD-2010-0036, against Gigapix Studios, Inc. and Christopher J. Blauvelt for offering and  
12 selling unregistered securities to an Alabama resident in 2007. The order alleges that a Gigapix  
13 representative “cold-called” an Alabama resident with no prior relationship to the company and  
14 sold the resident 10,000 shares of Gigapix units.

15 17. On May 13, 2009, the California Department of Corporations entered a  
16 Stipulation to Final Order with Gigapix Studios, Inc. and Christopher Blauvelt in which the  
17 respondents agreed to desist and refrain from offering and selling unqualified, non-exempt  
18 securities and from misrepresenting and omitting material facts in connection with the offer and  
19 sale of securities. The California Department of Corporations had alleged that a Gigapix  
20 representative “cold-called” at least two California residents in 2007 and offered them  
21 unqualified, non-exempt Gigapix units.  
22

23 18. On September 2, 2008, the Oregon Division of Finance and Corporate Securities  
24 issued an Order to Cease and Desist, Conditioning of Exemptions, Order Assessing Civil Penalty  
25 and Consent to Entry of Order against Gigapix Studios, Inc. and Christopher J. Blauvelt. Oregon

1 alleged that in March 2008 Gigapix solicited an Oregon resident who had no prior relationship  
2 with Gigapix or Blauvelt to purchase unregistered Gigapix securities. Gigapix and Blauvelt  
3 agreed to cease and desist from offering and selling unregistered securities in Oregon.

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

5 **CONCLUSIONS OF LAW**

6  
7 1. The offer or sale of Gigapix units described above constitutes the offer or sale of a  
8 security as defined in RCW 21.20.005(10) and (12).

9 2. Respondents Gigapix Studios, Inc. and Christopher Blauvelt violated RCW  
10 21.20.140, the securities registration provision of the Securities Act, because they offered and/or  
11 sold securities for which there was no registration on file with the Securities Administrator and  
12 did not qualify for exemption filing.

13 3. Respondent Christopher Blauvelt violated RCW 21.20.040 by offering or selling  
14 said securities while not registered as a securities salesperson or broker-dealer in the state of  
15 Washington.

16 4. The offer or sale of said securities violated RCW 21.20.010 because, as set forth  
17 in the Tentative Findings of Fact, Respondents made misstatements of material facts or omitted  
18 to state material facts necessary in order to make the statements made, in light of circumstances  
19 under which they were made, not misleading.  
20

21 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

22 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities  
23 Administrator intends to order, pursuant to RCW 21.20.390(1), that Gigapix Studios, Inc. and  
24 Christopher Blauvelt; their agents and employees each cease and desist from violations of RCW  
25 21.20.010, RCW 21.20.040, and RCW 21.20.140.

1 **NOTICE OF INTENT TO IMPOSE FINES**

2 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and  
3 Conclusions of Law, the Securities Administrator intends to order that Gigapix Studios, Inc. shall  
4 be liable for and pay a fine of \$20,000.

5 **NOTICE OF INTENT TO RECOVER COSTS**

6 Pursuant to RCW 21.20.390(5), and based upon the Tentative Findings of Fact and  
7 Conclusions of Law, the Securities Administrator intends to order that Respondents Gigapix  
8 Studios, Inc. and Christopher Blauvelt shall be liable for and pay the costs, fees, and other  
9 expenses incurred in the investigation of this matter.  
10

11 **AUTHORITY AND PROCEDURE**

12 This Statement of Charges is entered pursuant to the provisions of the Securities Act and  
13 is subject to the provisions of RCW 34.05. The respondents, Gigapix Studios, Inc. and  
14 Christopher Blauvelt; may each make a written request for a hearing as set forth in the NOTICE  
15 OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this  
16 order.

17 If a respondent does not request a hearing, the Securities Administrator intends to adopt  
18 the above Tentative Findings of Fact and Conclusions of Law as final and enter an order to cease  
19 and desist permanent as to that respondent.  
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21 DATED and ENTERED this 14th day of October, 2010.

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25 WILLIAM M. BEATTY  
Securities Administrator

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Approved by:



Suzanne Sarason  
Chief of Enforcement

Presented by:



Jack McClellan  
Enforcement Attorney