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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 the State  
of Washington by:

MICHAEL PALOMA;  
PINE CANYON ENTERPRISES, INC.;  
KEITH ROBERTSON,

Respondents.

Order Number S-05-008-07-FO01

ENTRY OF FINDINGS OF FACT AND  
CONCLUSIONS OF LAW AND FINAL ORDER  
TO CEASE AND DESIST AND IMPOSE FINES  
AS TO MICHAEL PALOMA AND PINE  
CANYON ENTERPRISES, INC.

THE STATE OF WASHINGTON TO:

Michael Paloma  
Pine Canyon Enterprises, Inc.

On June 29, 2007, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, and Notice of Intent to Deny Future Registration, Impose Fines, and Recover Costs, hereinafter referred to as "Statement of Charges," against Michael Paloma, Pine Canyon Enterprises, Inc., and Keith Robertson.

The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as "Notice of Opportunity for Hearing," and an Application for Adjudicative Hearing, hereinafter referred to as "Application for Hearing," were personally served on Michael Paloma on July 25, 2007. The Notice of Opportunity for Hearing and Application for Hearing were personally served on the registered agent for Pine Canyon Enterprises, Inc. on July 30, 2007.

The Notice of Opportunity for Hearing advised Michael Paloma and Pine Canyon Enterprises, Inc. that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. Michael Paloma and Pine Canyon Enterprises, Inc. each

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

1 failed to request an administrative hearing within 20 days of receipt of the Statement of Charges and Notice  
2 of Opportunity for Hearing.

3 The Securities Administrator therefore will adopt as final the findings of fact and conclusions of law  
4 as set forth in the Statement of Charges with respect to Michael Paloma and Pine Canyon Enterprises, Inc.

5  
6 The Securities Administrator makes the following findings of fact and conclusions of law:

7 **FINDINGS OF FACT**

8 **Respondents**

9  
10 1. Michael Paloma (“Paloma”) is a resident of Mesa, Arizona. Paloma is an entertainer and  
11 owner of Pine Canyon Enterprises, Inc., a Nevada corporation.

12 2. Pine Canyon Enterprises, Inc. (“Pine Canyon”) was a Nevada corporation with its principal  
13 place of business at 2550 N Thunderbird Circle, Suite 211, Mesa, Arizona 85215. Pine Canyon’s  
14 corporate status was revoked as of May 1, 2007 by the Nevada Secretary of State.

15 3. Keith Robertson (“Robertson”) is a resident of Colbert, Washington. Robertson owns a sole  
16 proprietorship called C3 Consultants. As a consultant, Robertson advises companies on business  
17 development, raising capital, and going public. Robertson was registered as a securities salesperson for a  
18 registered broker-dealer in the State of Washington from October 23, 1995 to March 31, 2004. His CRD  
19 number is 2644885.

20 **Nature of the Conduct**

21 4. Courtside Products, Inc. (“Courtside”) is a Washington corporation with its principal place of  
22 business at 111 N. Vista Road, Suite 1-E, Spokane Valley, WA 99212. Courtside does business as Sport

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1 Saq. Courtside designs, produces, and sells athletic bags tailored for specific sports. Lola Emter (“Emter”)  
2 is president and CEO of Courtside.

3 5. In early 2004, Emter consulted Merrill Lynch in Spokane about locating private investors for  
4 Courtside. Emter was contacted by Keith Robertson, who represented that he was a consultant with C3  
5 Consultants who could help Courtside find private investors. Robertson had been employed by Merrill  
6 Lynch from October 2003 to March 2004.

7 6. Robertson asked Emter whether she had considered taking Courtside public. Going public  
8 would mean that the stock could be freely traded in a public market, such as the over-the-counter dealer  
9 market or a stock exchange. Emter responded that she did not know anything about taking a company  
10 public and wanted to locate private investors. Robertson and Emter had a second conversation on or after  
11 May 10, 2004. Robertson stated he had been having a difficult time finding private investors for Courtside.  
12 Robertson had met with Michael Paloma who had indicated to Robertson that he could raise \$1 million for  
13 Courtside through a public offering. At the conclusion of her conversation with Robertson, Emter agreed  
14 that Courtside should go public in order to raise money.  
15

16 7. Robertson did not inform Emter of either the steps of going public or the pros and cons of  
17 going public. Robertson suggested doing a Regulation D Rule 504 offering and listing the stock on the Pink  
18 Sheets. Emter did not know what the Pink Sheets were and assumed Courtside would trade on the New  
19 York Stock Exchange. The Pink Sheets is not an exchange, but a publication which provides bid and ask  
20 prices for over-the-counter stocks. Robertson did not adequately inform Emter of the nature of a Regulation  
21 D, Rule 504 offering. Under Regulation D, Rule 504, a company is exempt from federal securities  
22 registration requirements for offerings up to \$1 million in any 12-month period. However, under Rule 504 a

1 company may not advertise or publicly offer its securities to investors unless the security is registered in the  
2 state where it is offered, or qualifies for an exemption from registration which allows for public solicitation.  
3 In Texas, where the Courtside stock was initially sold, the shares were not registered. Advertising and  
4 general solicitation were not allowed under a Texas exemption, so any unregistered shares offered pursuant  
5 to the Rule 504 exemption had to be restricted. Purchasers of restricted stock can sell their shares only under  
6 limited circumstances. Essentially, restricted stock could not be traded in the over-the-counter market. By  
7 offering its securities under Rule 504, Courtside would not have a resale market available to it.

8 8. Robertson and Emter orally agreed that Robertson would act as a consultant who would hire  
9 the people who would take Courtside public. Robertson and Emter signed a fee agreement on May 26, 2004  
10 stating that Robertson would receive a 10% commission on all funds C3 Consultants provided for Courtside  
11 up to \$2 million, a 5% commission on funds raised between \$2 and \$5 million, and a 2% commission on any  
12 funds raised in excess of \$5 million. Robertson received 1 million shares of Courtside stock directly from  
13 Courtside as payment for his consultant services for the 504 offering.

14 9. In his role as consultant, Robertson arranged for Michael Paloma and his company Pine  
15 Canyon Enterprises, Inc. ("Pine Canyon") to help Courtside make its public offering. On August 16, 2004,  
16 an agreement was signed between Courtside and Pine Canyon. Under the agreement, Pine Canyon would  
17 file the paperwork to list Courtside in the Pink Sheets. Courtside agreed to issue five percent of its shares to  
18 Pine Canyon or its designees as payment for services. Two and a half percent of Courtside's stock would be  
19 made available for a sale under Regulation D, Rule 504 in which Pine Canyon promised at least \$250,000  
20 would be raised for Courtside.  
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22

1           10. Pine Canyon and its attorney Ken Christison drafted the documents necessary for Emter to  
2 sign to create the offering. Pine Canyon hired First American Stock Transfer as the transfer agent.  
3 Robertson remained involved throughout the offering process as a middleman or “conduit” between the  
4 parties. Robertson helped explain the transaction and the documents which needed to be completed. Emter  
5 never met Paloma.

6           11. On September 17, 2004, Courtside issued 18.25 million shares under Regulation D, Rule 504.  
7 At the direction of Paloma, these shares were issued equally to three different companies owned by Paloma  
8 and all located at the same address in Texas: Great Northern Equity, Inc., SS Viking Group, and Estrella  
9 Mountain Express, Inc. Paloma did not inform Emter why she needed to issue the stock to these companies.  
10 Emter issued the stocks as directed and believed that these shares would be publicly traded through the  
11 companies. The forms prepared by Paloma and signed by Emter denoted that the stock being transferred  
12 was “Rule 504 Regulation D No Restrictions.” The transfer forms were misleading because Rule 504 stock  
13 is restricted under Texas law. Emter believed that because the form denoted the stock had no restrictions,  
14 Courtside stock could be freely traded.  
15

16           12. Robertson received a referral fee from Paloma for referring Courtside to Pine Canyon. The  
17 referral fee consisted of 2 million shares of Courtside stock that had originally been issued to the companies  
18 designated by Paloma.

19           13. Courtside was quoted in the Pink Sheets October 11, 2004. A Form D was never filed with  
20 the U.S. Securities and Exchange Commission (“SEC”), which is required within fifteen days of the first  
21 sale made in reliance of Rule 504.  
22

1 14. Paloma hired promoters in Florida who sent out “blast” faxes and emails to promote the stock.  
2 Thousands of unsolicited faxes and emails were sent, often as serial transmissions to the same recipient.  
3 These faxes and emails were titled “Market Adviser Report” or “Emerging Equity Alert.” They promoted  
4 Courtside stock as a “top pick” and “strong buy” and stated that Courtside was a prime target for takeover by  
5 Nike or Reebok. The statements that Courtside was a prime target for a takeover had no factual basis. The  
6 faxes and emails were sent to recipients in numerous states. The blasts continued from October 2004 to  
7 January 2005. The blasts led the SEC to issue an Order on January 28, 2005 (File No. 500-1), which  
8 suspended trading of Courtside stock until February 10, 2005 for failing to comply with the restrictions of  
9 Regulation D, Rule 504. Paloma failed to inform Emter that the stock would be advertised with blast faxes  
10 and emails in violation of the advertising and solicitation restrictions of Rule 504 under which it was  
11 purportedly offered. The use of the blast faxes meant that Courtside did not qualify for the Rule 504  
12 exemption and was therefore offering unregistered securities. Moreover, the suspension of trading and bad  
13 press limited Courtside’s ability to find investors and raise funds.

15 15. Prior to the suspension of trading, Robertson sold 300,000 shares of the Courtside stock he  
16 received as a referral fee for a profit. Robertson did not inform Emter of the sale. To date, Courtside has  
17 received only \$75,000 of the \$250,000 in capital promised by Paloma in exchange for giving up 7.5% of its  
18 stock.

19 16. The SEC filed a civil complaint in an unrelated matter against Michael Paloma in *Sec. & Exch.*  
20 *Comm’n v. Paloma, Bardasian & Desert Winds Ent. Corp.*, No. 1:02CV00645 (D. D.C.). The complaint  
21 alleged violations of the registration and anti-fraud provisions of the federal securities laws. On April 8,  
22 2002, Paloma consented to entry of a final judgment requiring him to pay \$442,319 in disgorgement,

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1 \$27,070 in prejudgment interest, and a \$65,000 civil fine. The judgment permanently enjoined Paloma from  
2 violating Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, and Section 10(b) and Rule 10b-5  
3 under the Securities Exchange Act of 1934. These provisions make the sale of unregistered securities  
4 unlawful, and prohibit any acts or omissions that result in fraud or deceit in connection with the offer,  
5 purchase, or sale of securities. Neither Robertson nor Paloma informed Emtor of Paloma's previous  
6 securities violations prior to Courtside signing the agreement to give 7.5% of its stock to Paloma and Pine  
7 Canyon.

8 17. At approximately the same time that Robertson was assisting Courtside with its Rule 504  
9 offering, he was also providing equity consulting services to Xtreme Technologies, Inc. ("Xtreme"), a  
10 Washington corporation and telecommunications company doing business at 14004 E. Arrowleaf, Spokane,  
11 Washington 99206 (now known as Xtreme Oil and Gas, Inc.). Robertson advised Xtreme that it could raise  
12 up to \$1 million through a public offering with Paloma. Robertson connected Xtreme with Paloma and Pine  
13 Canyon to do a Regulation D Rule 504 offering on the Pink Sheets. Robertson remained involved as a  
14 middleman. Xtreme signed an agreement on August 16, 2004 with Pine Canyon which, like the Courtside  
15 agreement signed the same day, stated that Xtreme agreed to issue five percent of its shares to Pine Canyon  
16 or its designees as payment for services. Two and a half percent of Xtreme's stock would be made available  
17 for a sale under Regulation D, Rule 504 in which Pine Canyon promised to raise at least \$250,000 for  
18 Xtreme. Shares of Xtreme were issued to Paloma's companies Great North Equity, Inc. and SS Viking  
19 Group. Robertson received 4.5 million shares of Xtreme stock as payment for consultant services directly  
20 from Xtreme. Robertson also received a referral fee of 2 million shares of Xtreme stock from Paloma and  
21 Pine Canyon. As with Courtside, Xtreme stock was advertised with spam faxes and emails. Xtreme did not  
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1 receive the \$250,000 promised by Paloma and Pine Canyon. Robertson sold all 2 million shares of Xtreme  
2 stock that he received from Paloma for a profit. A Form D was never filed with the SEC for the Washington  
3 corporation Xtreme Technologies, Inc., which is required within fifteen days of the first sale made in  
4 reliance on Regulation D, Rule 504.

5 18. Keith Robertson, while employed in 2003 as securities salesperson at Alliant Securities, Inc.  
6 (“Alliant”), made an unauthorized sale of restricted stock to a client. Robertson solicited the sale, touted the  
7 stock as a safe investment, failed to explain the nature of restricted stock, and completed a direct sale  
8 transaction without the knowledge or authorization of Alliant. Robertson made a second unauthorized sale  
9 of the same restricted stock to a relative. Alliant discovered the sales after Robertson had left its  
10 employment. Alliant filed an amended Form U-5 in 2005 reporting the occurrences.

#### 11 **Registration Status**

12 19. Michael Paloma is not currently registered as a broker-dealer, investment adviser, investment  
13 adviser representative, or securities salesperson in the State of Washington and has not previously been  
14 registered.

15 20. Keith Robertson was registered as a securities salesperson for several registered broker-dealers  
16 in the State of Washington from October 23, 1995 to March 31, 2004. Robertson is not currently registered  
17 as a securities salesperson in the State of Washington. Robertson is not currently registered as a broker-  
18 dealer, investment adviser, or investment adviser representative in the State of Washington and has not  
19 previously been so registered.  
20

21 21. Pine Canyon Enterprises, Inc. is not currently registered as broker-dealer or investment adviser  
22 in the State of Washington and has not previously been registered.

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1 22. Neither Courtside Products, Inc. nor Xtreme Technologies, Inc. is registered to sell its  
2 securities in Washington and neither has been previously so registered.

3  
4 Based upon the above Findings of Fact, the following Conclusions of Law are made:

5  
6 **CONCLUSIONS OF LAW**

7 1. The offer or sale of the Courtside securities constitutes the offer or sale of a security as defined  
8 in RCW 21.20.005(10) and (12).

9 2. The offer or sale of securities was made in violation of RCW 21.20.010, the anti-fraud  
10 provision of the Securities Act, because Respondents, Michael Paloma and Pine Canyon Enterprises, in  
11 connection with the transactions in which they obtained Courtside stock as payment for services, knowingly  
12 or recklessly made omissions or misleading statements of material fact which tended to work a fraud on  
13 Courtside. These representations included that Courtside stock would be freely traded even though the  
14 offering was not registered or otherwise in compliance with Regulation D, Rule 504. Paloma also  
15 knowingly or recklessly misrepresented himself in undertaking to take Courtside public even though he was  
16 not registered as a broker-dealer and therefore could not legally engage in the business of effecting  
17 transactions in securities. Further, Paloma knowingly or recklessly omitted to inform Courtside of Paloma's  
18 settlement with the SEC for securities fraud prior to Courtside agreeing to do business with Pine Canyon.  
19 Paloma failed to file a Form D with the SEC following the first sale of securities made in reliance on  
20 Regulation D Rule 504.  
21



1 It is further ORDERED that Michael Paloma and Pine Canyon Enterprises, Inc., and their agents  
2 and employees, each cease and desist from violation of RCW 21.20.040, the broker-dealer and securities  
3 salesperson registration section of the Securities Act.

4 It is further ORDERED that Michael Paloma shall be liable for and pay a fine of \$10,000.

5 It is further ORDERED that Pine Canyon Enterprises, Inc. shall be liable for and pay a fine of  
6 \$10,000.

7 **AUTHORITY AND PROCEDURE**

8 This Final Order is entered pursuant to the provisions of RCW 21.20.390 and RCW 21.20.395  
9 and is subject to the provisions of RCW 21.20.440 and Chapter 34.05 RCW. Respondents each have the  
10 right to petition the superior court for judicial review of this agency action under the provisions of  
11 chapter 34.05 RCW. For the requirements for filing a Petition for Judicial Review, see RCW 34.050.510  
12 and sections following. Pursuant to 21.20.395, a certified copy of this order may be filed in Superior  
13 Court. If so filed, the clerk shall treat the order in the same manner as a Superior Court judgment as to  
14 the fine, and the fine may be recorded, enforced, or satisfied in like manner.  
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16 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

17 DATED and ENTERED this 29th day of August, 2007.

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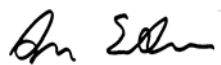
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MICHAEL E. STEVENSON  
22 Securities Administrator

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Approved by:



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Suzanne Sarason  
Chief of Compliance and Exams

Presented by:



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Jill M. Vallely  
Enforcement Attorney

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