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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING ) Order Number S-08-221-08-SC01  
whether there has been a violation of the )  
Securities Act of Washington by: ) STATEMENT OF CHARGES AND NOTICE  
 ) OF INTENT TO ENTER ORDER TO CEASE  
 ) AND DESIST, IMPOSE FINES, AND  
Spellbinder Funding, LLC; Dennis C. Healey ) CHARGE COSTS  
 )  
 )  
Respondents )

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THE STATE OF WASHINGTON TO: Spellbinder Funding, LLC  
Dennis C. Healey

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**STATEMENT OF CHARGES**

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Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Spellbinder Funding, LLC and Dennis C. Healey, 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, imposing fines pursuant to RCW 21.20.395, and charging costs pursuant to RCW 21.20.390(5). The Securities Administrator finds as follows:

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**TENTATIVE FINDINGS OF FACT**

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Respondents

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1. Spellbinder Funding, LLC (“Spellbinder Funding”) was a Nevada limited liability company with its principal place of business in Las Vegas, Nevada.

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2. Dennis C. Healey (“Healey”) was manager and agent of Spellbinder Funding. Healey is believed to be a resident of Nevada. Spellbinder Funding and Healey offered and sold investment units in a Las Vegas show, called Spellbinder, to at least one Washington resident.

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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 Offering

2 3. In early 2004, a representative for Spellbinder Funding made an unsolicited phone  
3 call to a Washington resident to offer an investment unit in a “magically themed rock musical  
4 experience” combining rock n’ roll music, magical illusions, and dramatic theatre.

5 4. The representative for Spellbinder Funding mailed or caused to be mailed to the  
6 Washington resident offering materials related to Spellbinder. Those materials included a  
7 summary of the company, a biography on the producer of the show, a comparison to other magic  
8 acts, revenue and distribution projections, and a subscription agreement with a purchaser  
9 questionnaire.  
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11 5. Spellbinder Funding, LLC’s Revenue and Distributions Projection showed a  
12 “Return on Investment in Spellbinder Funding, LLC” of 63.15% the first year, 132.89% the  
13 second year, 309.20% the third year, 426.64% the fourth year, and 426.64% the fifth year. The  
14 offering materials provided no basis for these projections.

15 6. The offering materials stated that the production had an “earning potential of  
16 revenue in excess of 200 million dollars during the next five years.” The materials also  
17 expressed a belief that no competition existed for this type of show.

18 7. The subscription agreement allowed an investor to purchase Limited Liability  
19 Interests (“Units”) in Spellbinder Funding, LLC. The purchase price for each unit was \$10,000.  
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21 8. Based on the representations the Washington resident, a 64 year old retired man,  
22 sent the subscription agreement and \$10,000 in two installments to Spellbinder Funding for an  
23 investment in Spellbinder Funding. The first installment of \$5,000 was sent in or about June  
24 2004 and the second installment of \$5,000 was sent in August 2004.  
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1 9. The Washington investor had no prior investment experience with magic acts, Las  
2 Vegas shows, or entertainment productions of any kind.

3 Misrepresentations and Omissions

4 10. Spellbinder failed to provide material information regarding the investment,  
5 including, but not limited to, a reasonable basis for its projections and any limitations on those  
6 projections.

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8 Registration Status

9 11. Spellbinder Funding, LLC is not currently registered to sell its securities in the  
10 state of Washington and has not previously been so registered.

11 12. Dennis C. Healey is not currently registered as a securities salesperson or broker-  
12 dealer in the state of Washington and has not previously been so registered.

13 Failure to Comply With Regulation D Rule 506

14 13. Spellbinder Funding, LLC claimed an exemption from registration of the  
15 Spellbinder Funding, LLC offering under Regulation D Rule 506 with a notice filing submitted  
16 to the Securities Administrator on March 1, 2004.

17 14. Regulation D Rule 506 prohibits the issuer or any person acting on behalf of the  
18 issuer to offer or sell securities by any form of general solicitation. Spellbinder Funding, LLC  
19 and its agents offered securities making unsolicited telephone calls.

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21 Other Actions

22 15. On June 23, 2004, the State of Wisconsin, Department of Financial Institutions,  
23 Division of Securities, issued an Order of Prohibition and Revocation, Order No. S-03266(EX),  
24 against Spellbinder Funding, LLC and Dennis C. Healey for offering and selling unregistered  
25

1 securities because of a failure to qualify for a Regulation D exemption based upon Spellbinder  
2 Funding, LLC's general solicitation.

3 16. On September 24, 2004, the State of Montana, State Auditor and Commissioner  
4 of Securities, issued an Order to Cease and Desist, Order No. 2004-35, against Spellbinder  
5 Funding, LLC and Dennis C. Healey for offering and selling unregistered securities because of a  
6 failure to qualify for a Regulation D exemption based upon Spellbinder Funding, LLC's general  
7 solicitation.  
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9 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

10 **CONCLUSIONS OF LAW**

11 1. The offer or sale of Spellbinder Funding, LLC units described above constitutes  
12 the offer or sale of a security as defined in RCW 21.20.005(10) and (12).

13 2. The offer or sale of said securities is in violation of RCW 21.20.140 because  
14 Spellbinder Funding, LLC was not registered in the State of Washington and Respondents did  
15 not qualify for an exemption.

16 3. Dennis C. Healey violated RCW 21.20.040 by offering or selling said securities  
17 while not registered as a securities salesperson or broker-dealer in the state of Washington.  
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19 4. The offer or sale of Spellbinder Funding, LLC units was made in violation of  
20 RCW 21.20.010 because, as set forth in the Tentative Findings of Fact and paragraphs 5-6,  
21 Respondents made misstatements of material fact or omitted to state material facts necessary in  
22 order to make the statements made, in light of circumstances under which they were made, not  
23 misleading. The returns on investment for a company with no operating history were misleading  
24 and unrealistic.  
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1                   **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

2                   Pursuant to RCW 21.20.390, and based on the above Tentative Findings of Fact and  
3 Conclusions of Law, the Securities Administrator intends to order that Respondents, Spellbinder  
4 Funding, LLC, Dennis C. Healey; their agents and employees each cease and desist from  
5 violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140.

6   **NOTICE OF INTENT TO IMPOSE FINES**

7                   Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and  
8 Conclusions of Law, the Securities Administrator intends to order that:  
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- 10                   a.       Respondent Spellbinder Funding, LLC shall be liable for and pay a fine of  
11   \$10,000.
- 12                   b.       Respondent Dennis C. Healey shall be liable for and pay a fine of \$10,000.

13   **NOTICE OF INTENT TO CHARGE COSTS**

14                   Pursuant to RCW 21.20.390(5), and based upon the based upon the Tentative Findings of  
15 Fact and Conclusions of Law, the Securities Administrator intends to order that the Respondents  
16 Spellbinder Funding, LLC and Dennis C. Healey shall be liable jointly and severally for and pay  
17 the Securities Division the costs, fees and other expenses incurred in the conduct of the  
18 administrative investigation and hearing of this matter.

19   **AUTHORITY AND PROCEDURE**

20                   This Statement of Charges is entered pursuant to the provisions of RCW 21.20.390 and  
21 RCW 21.20.395, and is subject to the provisions of RCW 34.05. Each of the Respondents may  
22 make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO  
23 DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.  
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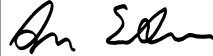
1 If a respondent does not request a hearing, the Securities Administrator intends to adopt  
2 the above Tentative Findings of Fact and Conclusions of Law as final, enter a permanent cease  
3 and desist order against that Respondent, and impose the fines and costs sought.  
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5 Dated and Entered this 23rd day of March, 2009  
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9 MICHAEL E. STEVENSON  
10 Securities Administrator

11 Approved by:

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13 Suzanne Sarason  
14 Chief of Compliance

15 Presented by:

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17 Jack McClellan  
18 Enforcement Attorney  
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