

Division of Securities
Utah Department of Commerce
160 East 300 South
Box 146760
Salt Lake City, Utah 84114-6760
Telephone: (801) 530-6600

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF THE APPLICATION FOR OR NOTICE OF EXEMPTION FROM REGISTRATION OF	:	FINDINGS OF FACT, CONCLUSIONS OF LAW AND DENIAL ORDER
	:	
	:	
MULTI-MEDIA INDUSTRIES CORPORATION	:	
	:	CASE # EN-01578-47
FILE # 003-0043-35/A54395-43	:	
	:	

By the Presiding Officer:

The instant proceeding was initiated by Multi-Media Industries Corporation ("Applicant") via the filing of its application for or notice of exemption from registration pursuant to § 61-1-14(2)(b) of the Utah Uniform Securities Act, Utah Code Annotated, (1953, as amended) ("Act") and § R164-14-2b of the Utah Administrative Code ("UAC"). Pursuant to § R164-18-6(C)(14) of the UAC, the Application is considered a request for agency action. Furthermore, pursuant to § R164-18-6(B) of the UAC, the instant proceeding has been designated as informal and is being conducted in accordance with §§ 63-46b-4 and 63-46b-5 of the Utah Administrative Procedures Act, Utah Code Annotated, (1953, as amended).

The presiding officer, being fully advised in the premises, now enters the following Findings of Fact, Conclusions of Law and Denial Order:

FINDINGS OF FACTS

1. On April 12, 1996, Applicant filed an application for or notice of exemption from registration ("Application") pursuant to § 61-1-14(2)(b) of the Act and § R164-14-2b of the UAC.
2. On April 19, 1996, the Division sent a letter ("Comment Letter") to the Applicant requesting additional information. The Comment Letter alleged, among other items, that the Applicant's Financial Statements for the year ended June 1, 1995 ("Financial Statements") overstate the financial assets identified as Film License Rights.
3. Analysis performed by Division staff indicates that the Financial Statements are not in compliance with Statement of Financial Accounting Standards No. 53 Financial Reporting by Producers and Distributors of Motion Picture Films ("FASB Statement No. 53") and therefore are not in conformity with Generally Accepted Accounting Principles ("GAAP").
4. Applicant failed to reply to the April 19, 1996, Comment Letter within 30 days as required by the Division.
5. After a phone call from the Division, Applicant's Secretary/Treasurer, Robert C. Stenquist, verbally agreed to have Applicant's Certified Public Accountant, A. J. Robbins, PC, ("A. J. Robbins") provide the Division with the information requested in the Comment Letter.

6. On June 3, 1996, the Division granted Applicant a sixty (60) days extension of time in which to file a response to the Comment Letter.

7. On July 29, 1996, the Division received a letter dated July 22, 1996, from A. J. Robbins which was filed as Applicant's amendment to the Application ("Amendment") in response to the Comment Letter. The Amendment included an attachment of appraisals by Rothschild Carey and Pendleton, Inc. of Applicant's film library ("Appraisals"). The Appraisals had been part of Applicant's original Application. No new information was provided by the Amendment.

8. On November 13, 1996, the Division sent Applicant by certified mail a second letter ("Second Comment Letter") requesting additional information or withdrawal of the Application within thirty (30) days.

9. The Second Comment Letter gave a detailed explanation of why the Division believes Applicant's Financial Statements are not in compliance with GAAP as defined by FASB Statement No. 53, Accounting Principles Board Opinion Number 16 ("APB No. 16"), and Accounting Principles Board Opinion 29 ("APB No. 29").

10. The Second Comment Letter requested that Applicant revalue its assets or alternatively if Applicant disagreed with the Division's opinion the Division requested that Applicant make an appointment to meet to discuss the differences of opinions.

11. As of this date, Applicant has not responded to the Second Comment Letter.

12. As of this date, Applicant has not requested a withdrawal of the Application.

CONCLUSIONS OF LAW

13. Jurisdiction is vested in the Director of the Division, ("Director"), pursuant to § 61-1-18 of the Act.

14. Section 61-1-14(4)(a) of the Act provides that the Director, upon approval of a majority of the Board, may issue an order revoking any exemption from registration specified in subsections (1)(g), (1)(h), (1)(j), and (2) of § 61-1-14 of the Act with respect to a specific security, transaction, or series of transactions.

15. Section 61-1-14(4)(b)(i) of the Act provides that the Director, upon approval of a majority of the Board, may issue an order revoking any exemption from registration specified in subsections (1)(g), (1)(h), (1)(j), and (2) of § 61-1-14 of the Act if he finds that the application for or notice of exemption filed with the division is incomplete in any material respect or contains any statement which was, in the light of the circumstances under which it was made, false or misleading with respect to any material fact.

16. Section R164-14-2b(D) of the UAC requires the Application to include financial statements which have been prepared in accordance with GAAP. Applicant's failure to provide Financial Statements in accordance with GAAP after repeated requests from the Division renders the Application incomplete in a material respect.

17. Section 61-1-14(4)(b)(v) of the Act provides that the Director, upon approval of a majority of the Board, may issue an order revoking any exemption from registration specified in

subsections (1)(g), (1)(h), (1)(j), and (2) of § 61-1-14 of the Act if he finds the offering has worked, has tended to work, or would operate to work a fraud upon purchasers.

18. Offers or sales of the Applicant's securities made in reliance upon the overstated financial assets of Applicant's audited Financial Statements would work to operate a fraud upon investors.

19. Because Applicant has failed to correct the Financial Statements and provide information to investors which accurately reflects its financial condition, it is in the public interest that the order requested by the Division be entered.

DENIAL ORDER

Based on the foregoing Findings of Fact and Conclusions of Law and for good cause appearing therefor:

IT IS HEREBY ORDERED the application for or notice of exemption from registration pursuant to the authority granted under § 61-1-14(2)(b) of the Act, Utah Code Annotated, (1953, as amended), and § R164-14-2b of the UAC, filed by Applicant, be and hereby is denied, and

IT IS FURTHER ORDERED that such denial is to be effective immediately upon execution of the Order by the Director of the Division of Securities of the Department of Commerce, and

AGENCY REVIEW

A party may seek agency review of this Order by filing a request for agency review with

the Executive Director of the Department of Commerce within thirty (30) days of the issuance of this Order. Any such request must comply with the requirement of Section 63-46b-12 of the Utah Administrative Procedures Act, Utah Code Annotated, (1953, as amended), and § R151-46b-12 of the UAC.

DATED this 18th day of April, 1997.

**DIVISION OF SECURITIES
UTAH DEPARTMENT OF COMMERCE**



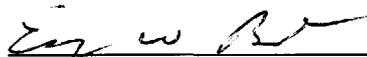
**MARK J. GRIFFIN, DIRECTOR
PRESIDING OFFICER**

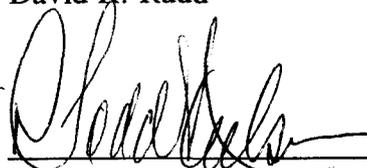
BY THE SECURITIES ADVISORY BOARD:

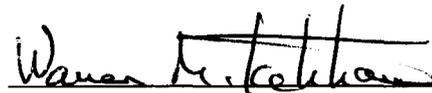
The foregoing Findings of Facts, Conclusions of Law, Denial Order, and Agency Review in the Matter of the Application for or Notice of Exemption from Registration of Multi-Media Industries Corporation, Case # EN-01578-47, is hereby accepted, confirmed and approved by the Utah Securities Advisory Board.

DATED this 22 day of April, 1997.


Lorraine Miller


Eugene W. Banks

David R. Rudd

R. Todd Neilson


Warren M. Ketcham

CERTIFICATE OF MAILING

I hereby certify that on the 28th day of April, 1917, I mailed, certified mail, return receipt requested, a copy of the foregoing Findings of Fact, Conclusions of Law, Denial Order, and Agency Review to: Robert C. Stenquist, Secretary/Treasurer, Multi-Media Industries Corporation, 808 East South Temple, #200, Salt Lake City, UT 84102.

Roxanne VanBeek

Certified Mail # P 282 897 586