Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801)530-6980

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

IN THE MATTER OF: **GLOBIE INTERNATIONAL, LLC;** **JOSEPH PAUL OTTIS;** **Respondents.**	**ORDER TO SHOW CAUSE** **Docket No.** SD-07-0038 **Docket No.** SD-07-0039

It appears to the Director of the Utah Division of Securities (Director) that Globie International, LLC and Joseph Paul Ottis (Respondents) may have engaged in acts and practices that violate the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, et seq. (the Act). Those acts are more fully described herein. Based upon information discovered in the course of the Utah Division of Securities' (Division) investigation of this matter, the Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20(1) of the Act.

STATEMENT OF JURISDICTION

1. Jurisdiction over the Respondents and the subject matter is appropriate because the Division alleges that Respondents violated § 61-1-1 (Securities Fraud, Fraudulent

Practices) of the Act, while engaged in the offer and sale of securities in or from Utah.

STATEMENT OF FACTS

THE RESPONDENTS

2. Globie International, LLC (Globie) was registered as a Utah limited liability company on September 24, 2003, but its corporate status expired on January 6, 2005. Joseph Paul Ottis was the sole manager and member of Globie.

3. Joseph Paul Ottis (Ottis) resided in Salt Lake County, Utah, at all times relevant to the matters asserted herein.

GENERAL ALLEGATIONS

4. In November 2004, Ottis offered D. L. an investment in a company he owned called Globie International (Globie). Ottis told D. L. that Globie was in the business of educating children about the planets, preserving the earth, finding missing children, and assisting battered women.

5. Ottis also told D. L. he was a producer and film maker, that he had connections with Hollywood producers, and that he used his connections and experience to create the Globie characters[1]. Ottis said he had worked on developing the Globie characters for seven years and they would soon be used to create a television show for children. Ottis

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[1] According to Globie promotional literature, the company holds intellectual property rights to various depictions, or characters, in the form of the Earth, Sun, the planets, and Halley's Comet.

also said he was in the process of negotiating contracts with Disney and Nickelodeon.

6. Ottis said he was worth millions and was financially successful in his previous business endeavors.

7. Ottis gave D. L. some Globie t-shirts for her grandchildren, pictures of the Globie characters, and some promotional DVDs. He also gave D. L. an undated document entitled "Globie and Friends Market Potential" which included an estimated grand total gross income of $763,892,667 at the end of five years.

8. Ottis told D. L. she would receive 10-20% annual interest and 2% of Globie's profits. Ottis told D. L. there was no risk and that her investment would be guaranteed by Ottis' assets and insurance.

9. When Ottis offered D. L. the investment, he told her the money would be used to pay travel expenses and launch the production of Globie's television show.

10. Based on these representations, from January through April 2005, D. L. invested a total of $113,721.38 in Globie, between five separate investments.

11. Ottis failed to tell D. L., among other things, that in the State of California he was convicted of grand theft in 1995, and theft by use of a credit card in 1989.

12. D. L.'s first investment was on January 18, 2005. D. L. invested $20,000 in Globie, by giving Ottis a cashier's check made payable to Globie International, LLC.

13. Ottis told D. L. that contracts for the production of the television series would be signed in California within two weeks, at which time D. L. would receive her first interest

payment.

14. In return for D. L.'s investment, Ottis gave her a promissory note for $20,000 (Note #1).

15. Note #1 is dated January 18, 2005, matured in three months, included interest of 20% per year, and appears to have been signed by Ottis on behalf of Globie. A few days later, Ottis gave D. L. an amended version of Note #1 in which Ottis changed the maturity date to one year, and added that D. L. would receive 2% of the gross annual profits received by Globie.

16. On January 19, 2005, Ottis asked D. L. for additional money to further the Globie television project, pursuant to the original investment terms.

17. From January 19 to March 23, 2005, D. L. gave Ottis four additional checks (three personal checks, one cashier's check) totaling $40,000. The checks were made payable to either Globie International, LLC or Ottis.

18. In return for D. L.'s $40,000 additional investment, Ottis gave D. L. three handwritten, signed, notes acknowledging a total of $32,000 invested by D. L. rather than the full $40,000.

19. In late February 2005, Ottis told D. L. he had become a victim of identity theft and could no longer use his credit cards. Ottis asked D. L. if she would obtain a line of credit Ottis could use for the Globie project, and invest the money pursuant to the original terms.

20. Ottis told D. L. he had access to other assets that could be used to pay her back.

21. D. L. agreed, and on March 2, 2005, she received a $20,000 check she requested from her

Capital One credit card. D. L. took the check to Zions Bank and used it to purchase two cashier's checks, one for $15,000 made payable to Globie, and the other for $5,000 made payable to Ottis.

22. The same day, D. L. delivered the checks to Ottis in Salt Lake City. Ottis did not give D. L. a promissory note to evidence this investment.

23. On March 29, 2005, Ottis told D. L. he wanted to open a $25,000 line of credit at Zions Bank and asked D. L. to sign as the borrower, and invest the money in Globie pursuant to the original terms.

24. D. L. agreed to sign as the borrower, and on March 30, 2005, she obtained a $25,000 line of credit from Zions Bank. After the financing fees, $24,863 was deposited into Globie's checking account the same day.

25. Ottis provided D. L. with a copy of the promissory note from Zions Bank, but did not give D. L. a promissory note from Globie or Ottis.

26. On April 19, 2005, Ottis told D. L. he wanted to increase the line of credit from Zions bank from $25,000 to $100,000, and asked D. L. to sign as the guarantor for the additional $75,000.

27. Ottis told D. L. he needed the money to further the Globie project, and that he would pay the monthly interest payments on the loan.

28. D. L. agreed to be the guarantor for the line of credit, and to secure it with her certificate of deposit at Zions Bank valued at approximately $100,000.

29. On April 20, 2005, Ottis drove D. L. to the Zions Bank branch located in downtown Salt Lake City, and told D. L. he was in a big hurry and that the bank employee agreed to bring the paperwork out to the vehicle.

30. While in the parking lot, a bank employee came out to Ottis' car and asked D. L. to sign the loan documents. D. L. signed the documents without reading them.

31. On April 20, 2005, after the financing fees, an additional $74,175 from the line of credit was deposited into Globie's bank account.

32. Ottis later provided D. L. with a copy of the application and promissory note from Zions Bank, which revealed that D. L. was listed as the borrower on the line of credit, not the guarantor.

33. On April 23, 2005, D. L. traveled with Ottis to California to see a Globie Earth Day production. Ottis told D. L. he had been working on the production with a group from the Church of Scientology. D. L. was not impressed with the production.

34. On April 26, 2005, when D. L. returned from California, her son-in-law showed her an Internet article from www.ripoffreport.com about Ottis. The article alleged that Ottis was a scam artist.

35. When D. L. confronted Ottis with the article, he denied the allegations, and told D. L. that a relative of his ex-wife wrote the article.

36. On or around April 26, 2005, D. L. went to Zions Bank and put a stop on the $100,000 line of credit that was made available to Globie and Ottis. D. L. was able to recover

$66,278.62 of the $100,000.

37. Between March 30th and April 26, 2005, Ottis used $32,759.38 of the $100,000.

38. D. L. contacted Ottis and asked him to return her money.

39. Ottis told D. L. that he could only return her money if Globie continued its operations, and that D. L. was hindering Globie's project by putting a stop on the line of credit.

40. On April 28, 2005, Ottis gave D. L. two promissory notes, one to replace the three handwritten notes Ottis gave D. L. acknowledging the $32,000 investment (Note #2), and the other for $40,000 acknowledging the money Ottis used from the $100,000 line of credit (Note #3). D. L. does not know why Note #3 is for $40,000 instead of the $32,759.38 Ottis actually used.

41. Note #2 in the amount of $32,000 is dated April 28, 2005, matured on June 15, 2006, included interest of 10% per year, and appears to have been signed by Ottis.

42. Note #3 in the amount of $40,000 is dated April 28, 2005, matured on May 15, 2006, included interest of 10% per year, and appears to have been signed by Ottis.

43. Shortly thereafter, Ottis moved from his apartment, and D. L. lost contact.

44. D. L. has received no return of principal or interest on her investment in Globie and is still owed $113,721.38 in principal alone.

CAUSES OF ACTION

COUNT I
Securities Fraud under § 61-1-1(2) of the Act

45. The Division incorporates and re-alleges paragraphs 1 through 44.

46. The promissory notes, investment contracts, and guarantees offered and sold by Globie and Ottis are securities under § 61-1-13 of the Act.

47. In connection with the offer and sale of securities to D. L., Globie and Ottis, directly or indirectly, made false statements, including, but not limited to, the following:

a. That Globie's mission was to preserve the Earth, find missing children, assist bettered women, and educate children about the planets;

b. Ottis was worth millions;

c. That Ottis was financially successful in his previous business endeavors;

d. That Ottis was currently negotiating with Disney and Nickelodeon to produce a Globie television show for children;

e. That Ottis was a producer and film-maker, and was well-known by several Hollywood producers;

f. That Ottis had been developing the Globie characters for seven years and that Globie held intellectual property rights to the characters;

g. That there was no risk;

h. That D. L.'s investment would be guaranteed by Ottis' assets and insurance;

i. That D. L. would receive 10-20% annual interest plus 2% of Globie's profits;

j. That D. L.'s investment would be used to produce the Globie television show; and

k. That Ottis would pay the monthly interest on the line-of-credit at Zions Bank.

48. In connection with the offer and sale of securities to D. L., Globie and Ottis, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make representations made not misleading:

a. That Ottis is a convicted felon in California for grand theft in 1995, and theft by use of a credit card in 1989;

b. Some or all of the information typically provided in an offering circular or prospectus regarding Globie International, LLC, such as:

i. The business and operating history for Globie;

ii. Identities of the principals for Globie, along with their experience in this type of business;

iii. Financial statements for Globie;

iv. The market for Globie's product(s);

v. The nature of the competition for the product(s);

vi. Globie's current capitalization;

vii. A description of how the investment would be used by the business;

viii. The track record of the companies to investors;

ix. Risk factors for investors;

x. The number of other investors;

xi. The minimum capitalization needed to participate in the investment;

xii. The disposition of any investments received if the minimum capitalization

were not achieved;

xiii. The liquidity of the investment;

xiv. Discussion of pertinent suitability factors for the investment;

xv. The proposed use of the investment proceeds;

xvi. Any conflicts of interest the issuer, the principals, or the agents may have with regard to the investment;

xvii. Agent commissions or compensation for selling the investment;

xviii. Whether the investment is a registered security or exempt from registration; and

xix. Whether the person selling the investment is licensed.

49. Based upon the foregoing, Globie International, LLC and Joseph Paul Ottis wilfully violated § 61-1-1 of the Act.

COUNT II
Fraudulent Practices under § 61-1-1(3) of the Act

50. The Division incorporates and re-alleges paragraphs 1 through 44.

51. Globie and Ottis engaged in acts, practices, or courses of business that operate or would operate as a fraud or deceit on D. L., including, but not limited to, the following:

a. Telling D. L. that she would receive 2% of Globie's gross income, and then showing her a document which contained inflated and unrealistic estimates of

gross income for Globie at the end of five years;

b. Telling D. L. that Ottis was a victim of identity theft and could no longer use his credit cards, in order to get money from D. L.'s credit card;

c. Asking D. L. to sign as the guarantor on Ottis' and Globie's $100,000 line of credit, and then without telling D. L., completing the application with D. L. listed as the borrower; and

d. Rushing D. L. through the paperwork for the $100,000 line of credit, so she would not discover that she was listed as the borrower instead of the guarantor.

52. Based upon the foregoing, Globie International, LLC and Joseph Paul Ottis wilfully violated § 61-1-1 of the Act.

ORDER

The Director, pursuant to § 61-1-20 of the Act, hereby orders the Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-6 through -10, and held before the Utah Division of Securities. The hearing will occur on July 10, 2007, at 10:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah. The purpose of the hearing is to establish a scheduling order and address any preliminary matters. If the Respondents fail to file an answer and appear at the hearing, the Division of Securities may hold Respondents in default, and a fine may be imposed in accordance with Utah Code Ann. § 63-46b-11. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, the Respondents may show cause, if any they have:

a. Why Globie International, LLC and Joseph Paul Ottis should not be found to have wilfully engaged in the violations alleged by the Division in this Order to Show Cause;

b. Why Globie International, LLC and Joseph Paul Ottis should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, or any other section of the Act;

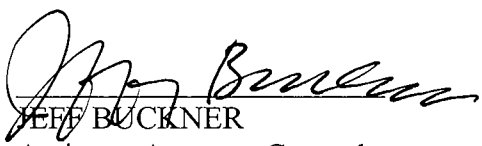
c. Why Globie International, LLC should not be ordered to pay a fine of one hundred twenty five thousand dollars ($125,000) to the Division of Securities, and

d. Why Joseph Paul Ottis should not be ordered to pay a fine of one hundred twenty five thousand dollars ($125,000) to the Division of Securities.

DATED this 31st day of May, 2007.

WAYNE KLEIN
Director, Utah Division of Securities

Approved:



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

IN THE MATTER OF: **GLOBIE INTERNATIONAL, LLC;** **JOSEPH PAUL OTTIS;** **Respondents.**	**NOTICE OF AGENCY ACTION** **Docket No.** SD-07-0038 **Docket No.** SD-07-0039

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:

The purpose of this Notice of Agency Action is to inform you that the Division hereby commences a formal adjudicative proceeding against you as of the date of the mailing of the Order to Show Cause. The authority and procedure by which this proceeding is commenced are provided by Utah Code Ann. §§ 63-46b-3 and 63-46b-6 through 11. The facts on which this action is based are set forth in the foregoing Order to Show Cause.

Within thirty (30) days of the mailing date of this notice, you are required to file an Answer with the Division. The Answer must include the information required by Utah Code § 63-46b-6 (1). In addition, you are required by § 63-46b-6 (3) to state: a) by paragraph, whether

you admit or deny each allegation contained in the Order to Show Cause, including a detailed explanation for any response other than an unqualified admission; b) any additional facts or documents which you assert are relevant in light of the allegations made; and c) any affirmative defenses (including exemptions or exceptions contained within the Utah Uniform Securities Act) which you assert are applicable. To the extent that factual allegations or allegations of violations contained in the Order to Show Cause are not disputed in your Answer, they will be deemed admitted.

Your Answer, and any future pleadings or filings that should be part of the official files in this matter, should be sent to the following:

Signed originals to:	A copy to:
Administrative Court Clerk c/o Pam Radzinski Division of Securities 160 E. 300 S., Second Floor Box 146760 Salt Lake City, UT 84114-6760 (801) 530-6600	Jeff Buckner Assistant Attorney General 160 E. 300 S., Fifth Floor Box 140872 Salt Lake City, UT 84114-0872 (801) 366-0310

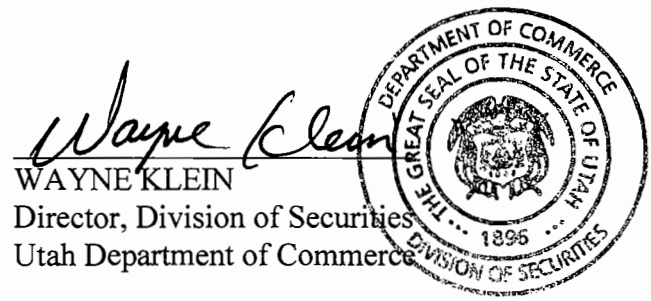
A hearing date has been set for Tuesday, July 10, 2007, at 10:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah.

If you fail to file an Answer, as set forth herein, or fail to appear at the hearing, the Division of Securities may hold you in default, and a fine and other sanctions may be imposed

against you in accordance with Utah Code Ann. § 63-46b-11, without the necessity of providing you with any further notice. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, you may appear and be heard and present evidence on your behalf. You may be represented by counsel during these proceedings.

The presiding officer in this case is Wayne Klein, Director, Division of Securities. Questions regarding the Order to Show Cause and Notice of Agency Action should be directed to the Division's attorney, Jeff Buckner, at (801) 366-0310.

DATED this 31st day of May, 2007.



WAYNE KLEIN
Director, Division of Securities
Utah Department of Commerce

Certificate of Mailing

I certify that on the 1st day of ~~May~~ June, 2007, I mailed, by certified mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

Globie International, LLC
170 South Main Street, Ste 1500
Salt Lake City, UT 84101

Certified Mail # 7005 1820 0003 7191 2886

Joseph Paul Ottis
Individually and as the Manager of Globie International, LLC
136 S. Main Street Suite 325
Salt Lake City, UT 84101

Certified Mail # 7005 1820 0003 7191 2893

Pamela Radzinski
Executive Secretary

Certificate of Service

I certify that on the 1ST day of ~~May~~ JUNE, 2007, I hand delivered a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

Globie International, LLC
c/o Registered Agent: Utah Division of Corporations
160 E. 300 So., 2nd Floor
Salt Lake City, UT 84111

Pamela Radzinski
Executive Secretary