

Division of Securities  
Utah Department of Commerce  
160 East 300 South  
Box 146760  
Salt Lake City, UT 84114-6760  
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BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH

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IN THE MATTER OF:

GLOBIE INTERNATIONAL, LLC  
JOSEPH PAUL OTTIS

Respondent.

STIPULATION AND CONSENT  
ORDER

Docket No. SD-07-0038  
Docket No. SD-07-0039

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The Utah Division of Securities (the Division), by and through its Director of Enforcement, Michael Hines, and Globie International, LLC and Joseph Paul Ottis, hereby stipulate and agree as follows:

1. Globie International, LLC (Globie) and Joseph Paul Ottis (Ottis) were the subject of an investigation conducted by the Division into allegations that they violated certain

provisions of the Utah Uniform Securities Act (the Act), Utah Code Ann. § 61-1-1, *et seq.*, as amended.

2. In connection with that investigation, on May 31, 2007, the Division issued an Order to Show Cause to Globie and Ottis, alleging that they committed securities fraud and engaged in fraudulent practices in connection with the offer and sale of securities in or from Utah.
3. Globie, Ottis, and the Division have agreed to settle this matter by way of this Stipulation and Consent Order.
4. Globie and Ottis are represented by attorney Christian Clinger and are satisfied with the representation they have received.
5. Globie and Ottis admit the jurisdiction of the Division over them and over the subject matter of this action.
6. Globie and Ottis waive any right to a hearing to challenge the Division's evidence and present evidence on their behalf.

#### THE DIVISION'S INVESTIGATIVE FINDINGS

From approximately June through September 2007, the Division conducted an investigation into this matter which revealed the following:

7. 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.
8. Joseph Paul Ottis (Ottis) resided in Salt Lake County, Utah, at certain times relevant to the matters asserted herein.

#### GENERAL ALLEGATIONS

9. 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.
10. 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<sup>1</sup>. 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 also said he was in the process of negotiating contracts with Disney and Nickelodeon.

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<sup>1</sup>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.

11. Ottis said he was worth millions and was financially successful in his previous business endeavors.
12. Ottis gave D. L. some Globie t-shirts for her grandchildren, pictures of the Globie characters, and some promotional DVDs.
13. 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.
14. 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.
15. Based on these representations, from January through April 2005, D. L. invested a total of \$113,721.38 in Globie, between five separate investments.
16. 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.
17. 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.

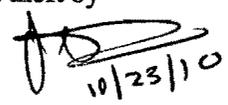
18. Ottis told D. L. that contracts for the production of the television series would be signed in California within two weeks, at which time D. L. would receive her first interest payment.
19. In return for D. L.'s investment, Ottis gave her a promissory note for \$20,000 (Note #1).
20. A few days later, Ottis gave D. L. an amended version of Note #1 in which Ottis changed the maturity date from three months to one year, and added that D. L. would receive 2% of the gross annual profits received by Globie.
21. On January 19, 2005, Ottis asked D. L. for additional money to further the Globie television project, pursuant to the original investment terms.
22. 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.
23. 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.

24. 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.
25. Ottis told D. L. he had access to other assets that could be used to pay her back.
26. 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.
27. The same day, D. L. delivered the checks to Ottis in Salt Lake City.
28. 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.
29. 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.
30. 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.

31. 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.
32. 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.
33. 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.
34. 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.
35. 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.
36. On April 20, 2005, after the financing fees, an additional \$74,175 from the line of credit was deposited into Globie's bank account.
37. 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.

38. 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.
39. On April 26, 2005, when D. L. returned from California, her son-in-law showed her an Internet article from [www.ripoffreport.com](http://www.ripoffreport.com) about Ottis. The article alleged that Ottis was a scam artist.
40. 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.
41. 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.
42. D. L. contacted Ottis and asked him to return her money.
43. 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.
44. 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

Misrepresentations and Omissions

49. 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 there was no risk;
  - b. That D. L.'s investment would be guaranteed by Ottis' assets and insurance;
  - c. That D. L. would receive 10-20% annual interest plus 2% of Globie's profits;
  - d. That D. L. would receive her first payment within two weeks of investing; and
  - e. That Ottis would pay the monthly interest on the line-of-credit at Zions Bank.
50. 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; *misdemeanor*  10/23/10
  - 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;

the other for \$40,000 acknowledging the money Ottis used from the \$100,000 line of credit (Note #3).

45. 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.
46. 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.
47. Shortly thereafter, Ottis moved from his apartment.
48. On January 28, 2008, in State of Utah v. Joseph Paul Ottis, in Utah's 3<sup>rd</sup> District Court, case # 071905304, Ottis entered a plea of guilty to one count of attempting to sell an unregistered security, and one count of violating the Utah Uniform Securities Act, both Class A misdemeanors, in connection with the same facts alleged in this administrative action. Ottis was sentenced to one year in jail for each count, but the jail time was suspended. He was also placed on probation for 24 months, which he has completed. Ottis was ordered to pay restitution of \$93,721.38 to the victim (D. L.), which Ottis paid at the time of sentencing.

- 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. Risk factors for investors;
- viii. The number of other investors;
- ix. The minimum capitalization needed to participate in the investment;
- x. The disposition of any investments received if the minimum capitalization were not achieved;
- xi. Agent commissions or compensation for selling the investment;
- xii. Whether the investment is a registered security or exempt from registration; and
- xiii. Whether the person selling the investment is licensed.

THE DIVISION'S CONCLUSIONS

51. Based on the Division's investigative findings, the Division concludes that:

- a. The promissory notes, investment contracts, and guarantees offered and sold by Globie and Ottis are securities under § 61-1-13 of the Act. An investment contract includes “any investment in a common enterprise with the expectation of profit to be derived through the essential managerial efforts of someone other than the investor.” UTAH ADMIN. CODE R164-13-1(B)(1);
  - b. Globie and Ottis violated § 61-1-1 of the Act by making misrepresentations of material facts and by omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in connection with the offer and sale of a security; and
  - c. Globie and Ottis violated § 61-1-1 of the Act by engaging in acts, practices, or courses of business that operate or would operate as a fraud or deceit on D. L.
52. Globie and Ottis admit the substance of the Division’s investigative conclusions and consents to the Division entering an Order:
- a. Requiring Globie and Ottis to cease and desist from engaging in any conduct in violation of the Utah Securities Act; and
  - b. Requiring Globie and Ottis to pay a fine of one thousand dollars (\$1,000) to the Division upon execution of the Stipulation and Consent Order.

- i. The parties agree Respondents can pay the fine in payments of at least \$50 per month for twenty months. Payments are due on the first of the month and will begin the month following approval of the Stipulation.
  - ii. If Respondents fail to make a timely payment, the entire amount will immediately become due.
53. Globie and Ottis acknowledge that this Consent Order, upon approval by the Securities Commission, shall be the final compromise and settlement of this matter. Globie and Ottis further acknowledge that if the Securities Commission does not accept the terms of the Stipulation, it shall be deemed null and void and without any force or effect whatsoever.
54. Globie and Ottis acknowledge that the Stipulation and Consent Order does not affect any civil or arbitration causes of action that third parties may have against them arising in whole or in part from his actions, and that the Stipulation and Consent Order does not affect any criminal cause of action that a prosecutor might bring.
55. This Consent Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or

agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Consent Order in any way.

56. Globie and Ottis represent that any information they have provided to the Division is accurate and complete to the best of their knowledge.
57. Violation of this Consent Order is a third degree felony pursuant to § 61-1-21(1) of the Act.
58. Globie and Ottis have read this Consent Order, understand its contents, and enter into this Stipulation voluntarily.

Utah Division of Securities

Date: 9/29/10  
By: [Signature]  
Michael Hines  
Director of Enforcement

Respondent Globie

Date: Sept 23, 2010  
By: [Signature]  
Its: Founder

Approved:

[Signature]  
Jeff Buckner  
Assistant Attorney General

Respondent Ottis

Date: Sept 23, 2010  
By: [Signature]  
Joseph Paul Ottis

Approved:

[Signature]  
Christian Clinger  
Counsel for Respondents 9/29/10

**ORDER**

Pursuant to the terms of the Stipulation and Consent Order defined above, the Director of the Utah Division of Securities hereby orders that:

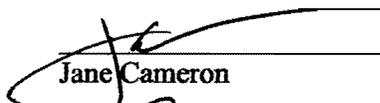
1. Globie and Ottis cease and desist from engaging in any conduct in violation of the Utah Securities Act.

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- b. If Respondents fail to make a timely payment, the entire amount will immediately become due.

**BY THE UTAH SECURITIES COMMISSION:**

DATED this 28<sup>th</sup> day of October, 2010.

  
\_\_\_\_\_  
Tim Bangerter

  
\_\_\_\_\_  
Jane Cameron

  
\_\_\_\_\_  
Erik Christiansen

\_\_\_\_\_  
Laura Polacheck

  
\_\_\_\_\_  
Michael O'Brien

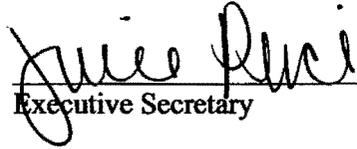
**Certificate of Mailing**

I certify that on the 10th day of NOVEMBER, 2010, I mailed, by certified mail, a

true and correct copy of the Stipulation and Consent Order to:

Christian Clinger, Attorney for Respondents  
6925 Union Park Center #600  
Salt Lake City, UT 84047

Certified Mailing # 7008 1140 0004 1142 0787

  
\_\_\_\_\_  
Executive Secretary