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:	**AFFIDAVIT OF SERVICE AND NON RESPONSE**
AISLING FINANCIAL, LLC,	**Docket No. SD 08-0027**
ALLIANCE GROUP ENTERTAINMENT, INC.,	**Docket No. SD 08-0028**
NEWPORT COAST ENTERTAINMENT CORP.,	**Docket No. SD 08-0029**
MICHAEL PHILIP MCLAUGHLIN,	**Docket No. SD 08-0030**
DENNIS W. COX,	**Docket No. SD 08-0031**
MIKE KARKEHABDAI,	**Docket No. SD 08-0032**
TIMOTHY CHO,	**Docket No. SD 08-0033**
Respondents.	

I, Pam Radzinski, first being duly sworn, depose and state as follows:

1. I am the Executive Secretary for the Department of Commerce Division of Securities (the Division).

2. As executive secretary for the Division, I am responsible for supervising the mailing of the Division's Orders to Show Cause and for receiving any responses filed by respondents.

3. On March 12, 2008, the Division mailed, by certified mail, an Order to Show Cause (OSC) dated March11, 2008, to Aisling Financial, LLC, Alliance Group Entertainment Corp., Newport Coast Entertainment, Michael Philip McLaughlin, Dennis Cox, Mike Karkehabdai, and Timothy Cho, along with a Notice of Agency Action (Notice), advising that a default order would be entered if they failed to appear at a hearing set for Tuesday May 6, 2008, or file a written response to the OSC within thirty (30) days of the mailing date of the Notice. The Notice designated the adjudicative proceeding as formal.

4. On March 18, 2008, the return receipt portion of the certified mailing sent to Cho was returned, having been signed for as received on March 14, 2008.

5. On March 19, 2008, the return receipt portion of the certified mail sent to Alliance was returned, having been signed for as received on March 17, 2008.[1]

6. On March 21, 2008, the OSC mailed to Aisling was returned with a forwarding address. The OSC was re-sent to Aisling c/o McLaughlin at 3214 N. University Avenue, Provo, UT 84604-4405 on March 25, 2008. The return receipt portion of the certified mail sent to Aisling at that address was returned on April 4, 2008, having been signed for as received on March 28, 2008.

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[1]Although the return receipt was signed for as received on March 17, 2008, the OSC was returned on April 15, 2008 along with the a form letter by "Companies Incorporated," 28015 Smyth Drive, Valencia, CA 91355. The name Phil Jeng (or Seng) and Alliance were written on the letter with an address 1714 E. McFadden Avenue, Santa Ana, CA 92705. Two boxes on the form letter form were checked. One was marked "company no longer at this address" and "call made to shipper and no response."

7. On March 21, 2008, the OSC mailed to McLaughlin was returned with a forwarding address. The OSC was re-sent to McLaughlin at 3214 N. University Avenue, Provo, UT 84604-4405 on March 25, 2008. The return receipt portion of the certified mail sent to McLaughlin at that address was returned on April 4, 2008, having been signed for as received on March 28, 2008.

8. On March 24, 2008, the OSC mailed to Cox was returned as undeliverable by "CMRA Mail," saying "commercial mail receiving agency" had no authority to receive mail for Cox at that address.

9. On March 31, 2008, the OSC mailed to Karkehabdai was returned undeliverable with a stamp, saying the address was "vacant."

10. On March 31, 2008, Charles McCrae, an attorney with the law firm of Lionel Sawyer & Collins in Las Vegas, faxed and mailed a letter to counsel for the Division at the address for the Division, saying he was counsel for Aisling and could not appear at the hearing on April 1, 2008.

11. No hearing in this case was scheduled for April 1, 2008, and no hearing was convened.

12. On April 28 and 29, 2008, Attorney McCrae sent two more letters to counsel, saying he also represented Karkehabdai.

13. A hearing was convened on May 6, 2008. None of the Respondents appeared and none filed a Response.

14. On May 28, 2008 and July 1, 2008, counsel for the Division sent Mr. McCrae two e-

mails, requesting information followed by two letters dated August 4 and 27, 2008. Counsel for the Division also left voice mail. No response was received.

15. As of the date of this Affidavit, none of the respondents have filed the required response.

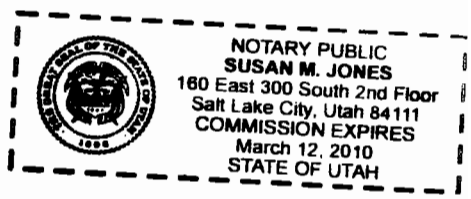
DATED this 28TH day of ~~September~~ OCTOBER 2008.

PAM RADZINSKI
Executive Secretary

SALT LAKE COUNTY)
) ss
STATE OF UTAH)

Signed and subscribed to before me this 28th day of ~~September~~ October 2008.

Notary Public



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

IN THE MATTER OF:	**NOTICE OF ENTRY OF DEFAULT AND ORDER**
AISLING FINANCIAL, LLC,	**Docket No. SD 08-0027**
ALLIANCE GROUP ENTERTAINMENT, INC.,	**Docket No. SD 08-0028**
NEWPORT COAST ENTERTAINMENT CORP.,	**Docket No. SD 08-0029**
MICHAEL PHILIP MCLAUGHLIN,	**Docket No. SD 08-0030**
DENNIS W. COX,	**Docket No. SD 08-0031**
MIKE KARKEHABDAI,	**Docket No. SD 08-0032**
TIMOTHY CHO,	**Docket No. SD 08-0033**
Respondents.	

I. BACKGROUND

A formal adjudicative proceeding was initiated by the Division's Order to Show Cause (OSC) and Notice of Agency Action (Notice) dated March 12, 2008, against Aisling Financial, LLC, Alliance Group Entertainment Corp., Newport Coast Entertainment, Michael Philip McLaughlin, Dennis Cox, Mike Karkehabdai, and Timothy Cho, advising them to file an answer

or appear at a hearing set for May 6th, 2008 or default would be entered against them. A hearing was convened, but no responses were received or filed by any respondent.

II. FINDINGS OF FACT

1. Aisling Financial LLC (Aisling Financial) is an Arizona limited liability company. Michael P. McLaughlin is the registered agent for Aisling. Aisling is not registered as a foreign company in Utah.
2. Alliance Group Entertainment, Inc. (Alliance) is a Nevada corporation whose corporate status is currently in default. Dennis W. Cox was the secretary of Alliance and Mike Karkehabdai was the president. Alliance has never been registered as a foreign corporation in Utah.
3. Newport Coast Entertainment Corporation (Newport) is a California corporation, whose corporate status is currently "active." Timothy Cho is the registered agent for Newport and at all times relevant to the matters asserted herein, Cho held himself out to be the Chief Executive Officer of Newport. Newport is not registered as a foreign corporation in Utah.
4. Michael P. McLaughlin (McLaughlin) resides in Maricopa County, Arizona.
5. Dennis W. Cox (Cox) resides in Clark County, Nevada.
6. Mike Karkehabdai (Karkehabdai) resides in Los Angeles County, California.
7. Timothy Cho (Cho) resides in Orange County, California.

GENERAL ALLEGATIONS

8. In September 2006, McLaughlin met with investor PJ and PJ's investment advisor, Denison Ellis (Ellis), at an office building in Salt Lake City, Utah, to discuss investment opportunities through McLaughlin's financial planning group, Aisling Financial. This meeting was arranged by Ellis, who suggested PJ meet with McLaughlin and hear about his financial planning group.

9. McLaughlin told PJ about two investment opportunities: one involving a movie project out of California, and the other involving an entity by the name of MexBank[2]. McLaughlin told PJ the following about the two investment opportunities:

   a. McLaughlin had flown to California to meet with people involved with the movie, and thought it looked great;

   b. The movie project was bonded and PJ could not lose money;

   c. The movie project provided a guaranteed return of 25% per year;

   d. The minimum investment for the movie project was $1,000;

   e. McLaughlin invested a lot of his own money in the movie project;

   f. There was no guarantee with the investment in MexBank, but over the last four years MexBank provided returns of 50% per year for three years, and 33% the

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[2] According to MexBank's web page, http://www.mexbank.com/, visited February 28, 2008, MexBank is "an entity that focuses on the management of currencies. [MexBank] acts as the conduit to access the spot market segment of the FOREX market and trades all the major G7 currencies."

fourth year;

g. China just invested in MexBank and it looked really good;

h. McLaughlin invested a lot of his own money in MexBank; and

i. The minimum investment in MexBank was $10,000.

10. After the meeting, PJ went home and told his wife about the investment opportunities.

11. On December 7, 2006, McLaughlin met with PJ and PJ's wife at their home in Salt Lake County, Utah.

12. McLaughlin told PJ and his wife the exact same things McLaughlin told PJ at the first meeting in September 2006, regarding the investment opportunities in the movie project and MexBank.

13. McLaughlin gave PJ and his wife a document entitled "Aisling Financial, LLC Program Summary" (Program Summary). The Program Summary stated that the investment opportunities identified in the document were offered to a select group of Aisling Financial clients and prospective clients; that the document did not constitute an offer to sell any of the investment programs; and that clients who chose to participate in any of the opportunities would be provided with all of the appropriate documentation from the company offering the investment opportunity.

14. The Program Summary listed eight different investment opportunities, including the movie project with Alliance and the investment opportunity in MexBank.

15. At the end of the meeting, PJ invested $100,050 in the movie project and MexBank,

through McLaughlin. PJ gave McLaughlin one personal check for $50,000 made payable to Alliance, and a second personal check for $50,050 made payable to MexBank.

16. In return for PJ's investment in the movie project, McLaughlin gave PJ a document entitled "Alliance Group Entertainment, Inc. Motion Picture Financing Loan Agreement" (Alliance Agreement).

17. Pursuant to the Alliance Agreement, PJ had the option of choosing between two different repayment plans, Option A or B. Option A was "growth repayment," which provided a one-time interest payment of 25% at the end of a one year term. Option B was "income repayment" which provided monthly interest payments of 1.5% for a one year term. PJ selected Option A.

18. PJ signed the Alliance Agreement on December 7, 2006. PJ later received a copy of the fully executed Alliance Agreement, and it appeared to have been signed by Cox as the loan broker, and Karkehabdai as the CEO of Alliance.

19. Approximately three weeks after signing the Alliance Agreement, PJ received a telephone call from McLaughlin. McLaughlin told PJ that McLaughlin was returning PJ's MexBank investment check because PJ had to open the MexBank account himself and deposit the money. PJ did as McLaughlin asked and deposited $100,000 (the original $50,050 plus an additional $49,950) into an account with MexBank that PJ opened himself.

20. On or about December 17, 2007, McLaughlin called PJ and told him McLaughlin was

going to return PJ's original $50,000 investment check to Alliance, and send PJ another contract to sign. McLaughlin did not say why he was sending a new contract.

21. PJ received his original $50,000 check made payable to Alliance in the mail from McLaughlin, in addition to a document entitled "Newport Coast Entertainment Corporation Motion Picture Finance Agreement" (Newport Agreement).

22. The Newport Agreement states that "[Newport] is an organization formed for the purpose of acquiring financial capital for the production of motion pictures exclusively with Alliance Group Entertainment, Inc." The Newport Agreement makes reference to the Alliance Agreement, and recognizes that PJ has invested funds pursuant to the Alliance Agreement.

23. PJ signed the Newport Agreement on January 17, 2007, and mailed it back to McLaughlin, along with a new investment check for $75,000 made payable to Alliance. When PJ later received a copy of the Newport Agreement, it appeared to have been signed by Cho as the CEO of Newport.

24. On April 1, 2007, PJ requested all of his money back from Mexbank, and Mexbank returned all of PJ's money, plus some interest.

25. PJ's investment with Alliance and Newport matured in January 2008, and PJ has yet to receive a return of his principal or interest.

26. The Respondents still owe PJ a total of $75,000 in principal alone.

III. CONCLUSIONS OF LAW

27. The service of the OSC and the Notice initiating these proceedings is valid upon all Respondents.

28. Despite notice, Respondents Aisling Financial, LLC, Alliance Group Entertainment Corp., Newport Coast Entertainment, Michael Philip McLaughlin, Dennis Cox, Mike Karkehabdai, and Timothy Cho failed to file a response or otherwise appear.

29. Because they failed to file a written response to the OSC of March 12, 2008 within 30 days and because they failed to appear at the initial hearing on May 6, 2008, they are in default.

30. The investment opportunities (Alliance Agreement / Newport Agreement / MexBank investment) offered and sold by the Respondents to PJ are investment contracts, and therefore securities, under § 61-1-13 of the Act.

31. In connection with the offer and sale of securities (Alliance Agreement / Newport Agreement) to the investor, the Respondents, directly or indirectly, made false statements, including, but not limited to, the following:

    a. McLaughlin had flown to California to meet with people involved with the movie, and it looked great;

    b. The movie project was bonded and PJ could not lose money;

    c. The movie project provided a guaranteed return of 25% per year;

    d. The minimum investment for the movie project was $1,000; and

    e. McLaughlin invested a lot of his own money in the movie project.

32. In connection with the offer and sale of securities (Alliance Agreement / Newport Agreement) to the investor, the Respondents, 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 McLaughlin filed for bankruptcy in 2005;

b. McLaughlin would receive a commission for selling the investment to PJ;

c. Some or all of the information typically provided in an offering circular or prospectus regarding Alliance Group Entertainment, Inc. and Newport Coast Entertainment Corporation, such as:

i. Identities of the principals of Alliance and Newport along with their experience in the movie making industry;

ii. The business and operating history for Alliance and Newport

iii. Financial statements for Alliance and Newport;

iv. The market for the product of the company;

v. The nature of the competition for the product;

vi. Current capitalization of the issuer;

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

viii. The company's past performance for its 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 agent 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 was licensed.

33. In connection with the offer and sale of securities (MexBank) to the investor, McLaughlin made false statements, including, but not limited to, the following:

a. There was no guarantee with the investment in MexBank, but over the last four years MexBank provided returns of 50% per year for three years, and 33% the fourth year;

b. China just invested in MexBank and it looked really good;

c. McLoughlin invested a lot of his own money in MexBank; and

d. The minimum investment in MexBank was $10,000.

34. In connection with the offer and sale of securities (MexBank) to the investor, McLaughlin failed to disclose material information, including, but not limited to, the following, which was necessary in order to make representations made not misleading:

a. McLaughlin filed for bankruptcy in 2005;

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

i. Identities of the principals of MexBank along with their experience in FOREX trading;

ii. The business and operating history for MexBank;

iii. Financial statements for MexBank;

iv. The market for the service(s) of the company;

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

vi. Current capitalization of the issuer;

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

viii. The company's past performance for its 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 agent 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 was licensed.

35. Based upon the foregoing conduct, Aisling Financial, LLC, Alliance Group Entertainment, Inc., Newport Coast Entertainment Corporation, Michael Philip McLaughlin, Dennis W. Cox, Mike Karkehabdai, and Timothy Cho violated § 61-1-1 of the Act.

IV. ORDER

Based on the above, the Director hereby:

1. Declares Aisling Financial, LLC, Alliance Group Entertainment Corp., Newport Coast Entertainment, Michael Philip McLaughlin, Dennis Cox, Mike Karkehabdai, and Timothy Cho in default for failing to file a written response to the March 11, 2008 OSC and for failing to appear at the May 6, 2008 initial hearing.

2. Enters, as its own findings, the Finding of Fact described in Section II above.

3. Enters, as its own conclusions, the Conclusions of Law described in Section III above.

4. Finds that Respondents violated the Utah Uniform Securities Act by misrepresenting material facts in connection with the offer and sale of a security in or from Utah in violation of § 61-1-1(2).

5. Finds that Respondents violated the Utah Uniform Securities Act by failing to disclose material information which was necessary to make the statements made not misleading, in connection with the offer and sale of a security in or from Utah in violation of § 61-1-1(2).

6. Orders Respondents to permanently CEASE and DESIST from any violations of the Act.

7. Orders Aisling Financial, LLC, Alliance Group Entertainment Corp., Newport Coast Entertainment to pay a fine of one hundred thousand dollars ($100,000) each to the Division within 30 days of the entry of this Order.

8. Orders Michael Philip McLaughlin, Dennis Cox, Mike Karkehabdai, and Timothy Cho to pay a fine of twenty five thousand dollars ($25,000) each to the Division within 30 days of the entry of this Order.

DATED this 29th day of ~~September~~ October 2008.

KEITH WOODWELL
Director, Division of Securities

Pursuant to § 63-46b-11(3), Respondent may seek to set aside the Default Order entered in this proceeding by filing such a request with the Division consistent with the procedures outlined in the Utah Rules of Civil Procedure.

CERTIFICATE OF MAILING

I hereby certify that on the 26th day of November 2008, I mailed, by certified mail, a true and correct copy of the forgoing **Affidavit of Service and Non-Response and Notice of Entry of Default and Order** to:

Aisling Financial LLC
c/o Michael McLaughlin
7556 E Sierra Morena Circle
Mesa AZ 85207

Certified Mail: 7004 1160 0003 0196 2109

Aisling Financial LLC
3214 N University Avenue
Provo UT 84604-4405

Certified Mail: 7004 1160 0003 0196 2116

Alliance Group Entertainment Inc
c/o Presidential Services Inc
1802 N Carson Street Ste 212
Carson City NV 89701

Certified Mail: 7004 1160 0003 0196 2123

Alliance Group Entertainment Inc
c/o Companies Inc
28015 Smyth Drive
Valencia CA 91355

Certified Mail: 7004 1160 0003 0196 2130

Alliance Group Entertainment Inc
c/o Phil Jeng (or Seng)
1714 E McFadden Ave
Santa Ana CA 92705

Certified Mail: 7004 1160 0003 0196 2147

Newport Coast Entertainment Corp
c/o Timothy Cho
620 Newport Center Drive Ste 1100
Newport Beach CA 92660

Certified Mail: 7004 1160 0003 0196 2154

Michael Philip McLaughlin
7556 E Sierra Morena Circle
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Timothy Cho
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Newport Beach CA 92660

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Charles McCrae
Lionel Sawyer & Collins
300 South Fourth Street
Las Vegas NV 89101

Certified Mail: 7004 1160 0003 0196 3533

Pam Radzinski
Executive Secretary