

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: ANGELA RUBBO BECKCOM,)
 JOSEPH RUBBO, NICHOLAS)
 RUBBO, STEVE DYKES,)
 VIP TV LLC, ANJ PRODUCTIONS)
 LLC, THE SPONGEBUDDY LLC,) File No. 1300296
 VIP TELEVISION INC AND)
 THEIR OFFICERS, DIRECTORS,)
 EMPLOYEES, AFFILIATES,)
 SUCCESSORS, AGENTS AND)
 ASSIGNS)

NOTICE OF HEARING

TO THE RESPONDENTS:

Angela Rubbo Beckcom, Joseph Rubbo, Nicholas Rubbo,
Steve Dykes, VIP TV LLC, ANJ Productions LLC, The
Spongebuddy LLC, and VIP Television Inc.
c/o Nishay K. Sanan
Law Office of Nishay K. Sanan
20 S. Clark St., Ste. 2600
Chicago, IL 60603

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953, [815 ILCS 5/1 et seq.,] (the "Act") and 14 Ill. Adm. Code 130, Subpart K (the "Code"), a public hearing will be held at 300 W. Jefferson Avenue, Suite 300A, Springfield, Illinois, 62702, on the 16th day of April, 2014 at the hour of 10:00 a.m. or as soon thereafter as counsel may be heard, before Jon K. Ellis or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order should be entered against Angela Rubbo Beckcom, Joseph Rubbo, Nicholas Rubbo, Steve Dykes, VIP TV LLC, ANJ Productions LLC, The Spongebuddy LLC, VIP Television Inc. and their officers, directors, employees, affiliates, successors, agents and assigns, granting such relief as may be authorized under the Act, including, but not limited to, a final order of prohibition from offering and/or selling securities in or from the State of Illinois and imposition of a monetary fine in the maximum amount, pursuant to Section 11.E.(4) of the Act, payable within ten (10) business days of the entry of the Order.

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The grounds for such proposed action are as follows

- 1 Respondent, VIP TV LLC, is a Florida limited liability company with a last known address of 2734 E Oakland Park Blvd, Fort Lauderdale, FL 33306
- 2 Respondent, ANJ Productions LLC, is a Florida limited liability company with a last known address of 2720 E Oakland Park Blvd, Suite 105, Fort Lauderdale, FL 33306
- 3 Respondent, The Spongebuddy LLC, is a Florida limited liability company with a last known address of 2720 E Oakland Park Blvd, Suite 105, Fort Lauderdale, FL 33306.
- 4 Respondent, VIP Television Inc., is a Florida corporation with a last known address of 2720 E Oakland Park Blvd, Suite 105, Fort Lauderdale, FL 33306
- 5 Respondent, Angela Rubbo Beckcom, is an individual with a last known address of 2500 Coral Springs Dr, #114, Coral Springs, FL 33065
- 6 Records submitted to the Florida Division of Corporations, indicate that Angela Rubbo Beckcom purports to be the manager of The Spongebuddy LLC
- 7 Upon information and belief, Angela Rubbo Beckcom is also known as Angela Rubbo and Angela Beckcom.
- 8 Records submitted to the Florida Division of Corporations, indicate that Angela Beckcom purports to be the manager of VIP TV LLC and ANJ Productions LLC and the President of VIP Television Inc
- 9 Records submitted to the Florida Division of Corporations, indicate that Angela Rubbo purported to be the President of the now dissolved VIP TV Inc. and Club T V Inc.
- 10 Joseph Rubbo was the Registered Agent for VIP TV Inc and Club T.V. Inc
- 11 VIP Television's YouTube videos provide the following information
 - i VIP Television is also known as VIP TV.
 - ii Angela Rubbo Beckcom is identified as the CEO of VIP TV
 - iii Joseph Rubbo is identified as a producer for VIP TV, and he states that VIP TV is his "brainchild."
 - iv. Nicholas Rubbo is identified as an executive producer for VIP TV

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- v. Angela Rubbo Beckcom, Joseph Rubbo, and Nicholas Rubbo are identified as siblings
 - vi. VIP TV is a “family business.”
 - vii. VIP TV films events in South Florida and packages the content to air on television with segments advertising local businesses.
 - viii. The siblings’ goals are to have their programming become “nationally syndicated” and expand their sales team “with the public’s help ”
12. VIP Television’s website claims that the business’s concept was developed twenty (20) years ago
- i. The website further claims that the company films events at night clubs and other venues, then turns the footage into programming suitable for television.
 - ii. Footage deemed “too hot for television” is saved for future use in DVDs.
 - iii. To get their programming on television, the website states that the company has to purchase airtime and claims to have successfully done so on local television stations and MEGA TV (an American broadcasting television network based in Miami, Florida and owned by Spanish Broadcasting System, which provides original programming to other television networks)

THE ILLINOIS INVESTOR

13. In or around January 2013, an 81-year-old Illinois investor received a “cold call” from a man identifying himself as Steve Dykes, a representative of VIP TV Productions.
14. Dykes told the Illinois investor that VIP TV Productions provided programming for several cable channels and that the Illinois investor could earn up to three times any amount invested. Furthermore Dykes purported to have fourteen (14) other investors in central Illinois.
15. The Illinois investor signed an agreement, effective February 5, 2013, with VIP TV LLC for an investment of ten thousand dollars (\$10,000), which was also signed by Angela Beckcom as “CEO ”
- i. The agreement was for ten years
 - ii. The Illinois investor was to receive a quarter of a percent (0.25%) of annual gross revenues from the domestic market.

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- 16 The Illinois investor was contacted by Dykes about once a week after the investment was made
17. As a result of Dykes' high-pressure sales techniques, the Illinois investor continued to invest money.
18. The Illinois investor was given a second agreement, effective February 18, 2013, with VIP TV LLC for an investment of sixty thousand dollars (\$60,000), which was signed by Angela Beckcom as "CEO "
 - i. The agreement was for ten years
 - ii. The Illinois investor was to receive one and a quarter percent (1.25%) of annual gross revenues from the domestic market and one percent (1%) of annual gross revenues from international markets
 - iii A provision allowed the Agreement to be dissolved after the first year upon mutual consent of the parties, but provided that, if the investor accepted quarterly dividends in the first year, the investor would forfeit the "right to their principal monies back at the end of the first year term "
- 19 The Illinois investor made the investment of sixty thousand dollars (\$60,000) in a series of payments, and, subsequently, received an undated stock certificate signed by Angela Beckcom, for seventy thousand (70,000) shares in VIP Television Inc
 - i. The certificate stated the total authorized issue was ten million (10,000,000) shares with a par value of one thousandth of a dollar (\$ 001) each
 - ii. The certificate made no mention of VIP TV LLC.
- 20 Later, the Illinois investor received a letter and a "brochure" from Angela Rubbo about an allegedly patent-pending product called "Sponge Buddy" which was purportedly invented by her.
- 21 The address provided on the letterhead was 5933 W. Hillsboro Blvd., #202, Parkland, Florida, 33067.
- 22 The documents provided to the Illinois investor included a "Disclosure Document" dated March 15, 2004 that was supposed to be proof of the alleged pending patent. However, the Disclosure Document Program was eliminated, effective February 1, 2007, and such documents were only ever preserved by the United States Patent and Trademark Office for two years as evidence of the date of conception of an invention

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- 23 A website was provided in the letter, www.newproductsnetwork.com/spongebuddy At least as of July 30, 2013, the product is not featured on the New Products Network website
24. The Illinois investor signed an agreement, effective May 9, 2013, with ANJ Productions LLC for an investment of twenty-five thousand dollars (\$25,000), which was signed by Angela Rubbo.
- i The agreement was for ten years and made no mention of The Spongebuddy LLC, but stated the investment was for the purpose of marketing "SPONGEBUDDY "
 - ii. The Illinois investor was to receive two and a half percent (2.5%) of all royalties on an annual basis
- 25 The Illinois investor's investment of twenty-five thousand dollars (\$25,000) was deposited into an account in the name of "ANJ Productions LLC DBA VIP TV" The check was endorsed by Angela Beckcom.
- 26 Subsequent to the Spongebuddy investment, the Illinois investor was again solicited by Dykes for an investment of three thousand dollars (\$3,000), however, the Illinois investor had no more money to invest and became suspicious that he might have fallen prey to a "scam." He filed a police report
- 27 On or about July 29, 2013, the Illinois investor was contacted by Angela Beckcom and told that he would receive a check for the return of his investment However, she told him that it would be reduced by attorney fees
28. On or about August 8, 2013, the Illinois investor received a check for one hundred sixty-eight dollars and seventy five cents (\$168 75)
- i. In the check's memo line was written "1.25% South Fl Region "
 - ii The check was accompanied by a statement indicating that VIP TV collected thirteen thousand, five hundred dollars (\$13,500) in advertising revenue from March 2013 through May 2013.
 - iii Presumably, the alleged dividend payment was intended to allow VIP TV to dissolve the February 18, 2013 agreement and cause the Illinois investor to forfeit his right to the return of his principal investment.
29. On or about September 16, 2013, the Illinois investor was again contacted by Steve Dykes. Dykes offered to send ten thousand dollars (\$10,000) to the Illinois

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investor, if the Illinois investor sent him five thousand dollars (\$5,000) first. The Illinois investor declined the offer.

BACKGROUND FACTS

- 30 Bank records indicate that there is, at least, one other VIP TV and Spongebuddy investor. From April 2013 through June 2013, a Colorado investor wrote checks for forty-five thousand dollars (\$45,000) for VIP TV and seventy-five thousand dollars (\$75,000) for Spongebuddy with memo lines referencing the expected returns.
- 31 On or about September 24, 2013, Angela Beckcom told a Special Agent in the Department that the Illinois and Colorado investors were her business partners and attempted to discourage further investigation by the Department by threatening to sue the Department.
32. Bank records further indicate that Steve Dykes was paid at least ten thousand dollars (\$10,000) in commissions.
- 33 Also according to bank records, much of the Illinois investor's money was withdrawn in cash, used for bank card purchases, or given to Rubbo family members through checks with memo lines alleging that the money was repayment for loans.
- 34 Prior to investing, none of the Respondents disclosed to the Illinois investor that the Rubbo family had prior securities violations
- i On or about February 21, 2002, the Securities and Exchange Commission (the "SEC") filed a Complaint in the United States District Court for the Southern District of Florida and obtained a temporary restraining order (Case No 02 - 60255-CV) against Joseph Rubbo, the Chairman and CEO of Make It Reel Productions, Inc , and others
 - ii On or about May 8, 2002, the SEC filed an Amended Complaint which charged Angela Rubbo Jr , the President of Make It Reel Productions, Inc , Nicholas Rubbo, a control person of Cine Star, Inc , and others as additional defendants. Angela Rubbo Jr and Nicholas Rubbo were identified in the Amended Complaint as Joseph Rubbo's siblings
 - iii SEC Litigation Release No 17513, dated May 13, 2002, states that the three siblings were charged with violations of the antifraud and registration provisions of the federal securities laws. It alleged that all the defendants, including the three siblings, sought to raise ninety million dollars (\$90,000,000) through a fraudulent, unregistered offering of Make It Reel Productions, Inc.

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securities Furthermore, it alleged that the defendants raised, at least, eighty thousand, five hundred dollars (\$80,500) by placing an Offering Memorandum on a website and running a "boiler room operation" that cold-called investors

- iv The Final Judgment dated March 19, 2004 ordered, adjudged and decreed that the defendants, including the three siblings, were permanently restrained and enjoined from future violations of the antifraud and registration provisions of the federal securities laws and held liable for disgorgement of eighty thousand, five hundred dollars (\$80,500) and an additional four thousand, eight hundred two dollars and ninety-eight cents (\$4,802.98) in prejudgment interest
 - a Angela Rubbo Jr was further ordered, adjudged and decreed to pay a civil penalty of thirty thousand dollars (\$30,000)
 - b Joseph Rubbo and Nicholas Rubbo were each further ordered, adjudged and decreed to pay a civil penalty of one hundred twenty thousand dollars (\$120,000).

35 The Respondents also failed to disclose to the Illinois investor that in the United States District Court for the Southern District of Florida, on or about January 27, 2003, Joseph Rubbo and Nicholas Rubbo pled guilty to Conspiracy to Commit Racketeering after being charged as non-member associates of the New York-based Bonanno Crime Family (Case No 02 -60049-CR).

- i. According to court documents filed during the prosecution of a codefendant, Joseph Rubbo and Nicholas Rubbo, among others, organized and conducted an illegal telemarketing operation, falsely claiming that investors' money would be invested in options to buy and sell foreign currency in the foreign currency exchange market
- ii The court documents state that none of the money was ever invested, but was divided up among Joseph Rubbo and Nicholas Rubbo and their accomplices and among the telemarketing salesmen who received a fifteen to twenty percent (15-20%) commission on sales to investors
- iii The court documents further state that the illegal telemarketing operation was conducted at four different locations under four different corporate names, moving to a new location and continuing the fraud when victims complained and law enforcement placed the operation under scrutiny
- iv According to the court documents, approximately ten million, four hundred nine thousand, six hundred ninety-five dollars and forty-seven cents (\$10,409,695 47) was received from seven hundred eighty-three (783) investors

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- 36 Furthermore, the Respondents failed to disclose to the Illinois investor that Joseph Rubbo's Mortgage Broker license was revoked, effective October 30, 2008, by the Florida Office of Financial Regulation.
- 37 Moreover, the Respondents failed to disclose to the Illinois investor that in the United States District Court for the Southern District of Florida, on or about October 14, 2009, Joseph Rubbo pled guilty to charges of Conspiracy to Violate the RICO Statute (the Federal Racketeering Influenced and Corrupt Organizations Statute), along with members of a South Florida "crew" of the New York-based Bonanno Crime Family (Case No. 09-60124-CR).
- i The indictment alleged that Joseph Rubbo participated in the illegal manufacture and negotiation of fraudulent checks
 - ii It was also alleged that Joseph Rubbo illegally acquired and distributed narcotic controlled substances

VIOLATIONS

38. The above-mentioned investments are securities as that term is defined pursuant to Section 2 1 of the Act
- 39 Section 5 of the Act provides, *inter alia*, that all securities, unless otherwise provided in Section 2a, 3, 4, 6 or 7 of the Act, shall be registered prior to their offer or sale in this State of Illinois.
- 40 Section 12 A of the Act provides, *inter alia*, that it shall be a violation of the Act to offer or sell any security except in accordance with the Act.
- 41 At all times relevant hereto, the securities publicly offered and sold by the Respondents were unregistered in the State of Illinois.
- 42 Section 12 B of the Act provides, *inter alia*, that it shall be a violation of the Act to deliver to a purchaser any security required to be registered under the Act, unless accompanied or preceded by a prospectus that meets the requirements of the applicable subsection of Section 5, Section 6 or Section 7 of the Act
- 43 At all times relevant hereto, the securities purchased by the Illinois investor were not accompanied or preceded by a prospectus as required by the Act.
44. The activities performed by Steve Dykes constitute the activities of a salesperson as that term is defined pursuant to Section 2 9 of the Act.

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- 45 Section 8 of the Act provides, *inter alia*, that, except as otherwise provided, every salesperson shall be registered as such with the Secretary of State
- 46 Section 12 C of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to act as a salesperson unless registered as such, where such registration is required under the provisions of the Act.
47. At all times relevant hereto, the Respondent, Steve Dykes, was an unregistered salesperson under Section 8 of the Act.
48. Section 12 D of the Act provides, *inter alia*, that it shall be a violation of the Act to fail to file with the Secretary of State any application, report or document required to be filed under the Act
- 49 At all times relevant hereto, the Respondents failed to file any registration applications with the Secretary of State
- 50 Section 12.G of the Act provides, *inter alia*, that it shall be a violation of the Act to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading
- 51 At all times relevant hereto, the Respondents made untrue statements and misled the Illinois investor as to the business entities that were being invested in, the management behind the businesses, the activities being conducted by the businesses, the use of investor funds, and the expected returns The Respondents also omitted material facts
52. Section 12 H of the Act provides, *inter alia*, that it shall be a violation of the Act to sign or circulate any statement, prospectus or other paper or document pertaining to any security, knowing or having reasonable grounds to know any material representation therein contained to be false or untrue
- 53 At all times relevant hereto, the Respondents knew or had reasonable grounds to know that the documents provided to the Illinois investor contained untrue and/or false and misleading material representations
54. Section 12 I of the Act provides, *inter alia*, that it shall be a violation of the Act to employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly
- 55 At all times relevant hereto, the Respondents used devices, schemes and artifices on an ongoing basis to defraud the Illinois investor

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- 56 By virtue of the foregoing, the Respondents, Angela Rubbo Beckcom, Joseph Rubbo, Nicholas Rubbo, Steve Dykes, VIP TV LLC, ANJ Productions LLC, The Spongebuddy LLC, VIP Television Inc. and their officers, directors, employees, affiliates, successors, agents and assigns, have violated Section 12 A, 12.B, 12 D, 12 G, 12 H and 12 I of the Act
- 57 By virtue of the foregoing, the Respondent, Steve Dykes, has also violated Section 12.C of the Act
58. Section 11 F(2) of the Act provides, *inter alia*, that the Secretary of State may temporarily prohibit or suspend, by an order effective immediately, the offer or sale of securities by any person if the Secretary of State in his or her opinion, based upon credible evidence, deems it necessary to prevent an imminent violation of the Act or to prevent losses to investors which the Secretary of State reasonably believes will occur as a result of a prior violation of the Act
59. On October 25, 2013, the Secretary of State entered a Temporary Order of Prohibition, whereby the Respondents were prohibited from offering and/or selling securities in or from the State of Illinois until further order of the Secretary of State
60. On November 22, 2013, the Department received a request for a hearing from the Respondents
- 61 On December 3, 2013, the Department and the Respondents agreed to continue in effect the Temporary Order issued on October 25, 2013, until the conclusion of the administrative hearing and/or entry of any Final Order in this case, and the Secretary of State issued a Consent Order to Continue Temporary Order of Prohibition
62. Section 11 E(2) of the Act provides, *inter alia*, that if the Secretary of State finds that any person has violated subsection C, D, E, F, G, H, I, J, or K of Section 12 of the Act, the Secretary of State may by written order temporarily or permanently prohibit or suspend the person from offering or selling any securities in this State
- 63 Section 11 E(3) of the Act provides, *inter alia*, that if the Secretary of State finds that any person is engaging or has engaged in the business of selling or offering for sale securities as a dealer or salesperson, without prior thereto and at the time thereof having complied with the registration or notice filing requirements of the Act, the Secretary of State may by written order prohibit or suspend the person from engaging in the business of selling or offering for sale securities in this State

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- 64 Section 11 E(4) of the Act provides, *inter alia*, that the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation, or order not to exceed ten thousand dollars (\$10,000) for each violation of the Act, may issue an order of public censure, and may charge as costs of investigation all reasonable expenses
- 65 By virtue of the foregoing, Respondents are subject to a fine of up to ten thousand dollars (\$10,000) per violation, costs of investigation, an order of censure and an order which permanently prohibits the Respondent from offering or selling any securities in this State

You are further notified that you are required pursuant to Section 130.1104 of the Code to file an answer to the allegations outlined above or a Special Appearance pursuant to Section 130.1107 of the Code, or other responsive pleading within thirty (30) days of the receipt of this Notice. A failure to do so within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.

You may be represented by legal counsel, present evidence, cross-examine witnesses and otherwise participate. However, a failure to appear shall constitute default.

Delivery of Notice to the designated representative of the Respondent constitutes service upon such Respondent.

ENTERED This 4th day of December, 2013



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Hearing Officer.

Jon K. Ellis