

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:)	
)	
ULTRAFLEX, INC.)	
DIXIE WORLDWIDE PRODUCTIONS, INC.)	
RICHARD F. ALLEN)	
JOEY W. DAVIS)	
STUART E. RAWITT)	ADMINISTRATIVE ORDER
)	NO. CD 2017- 0004
<u>RESPONDENTS</u>)	

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities into, within or from the state of Alabama, has determined as follows:

RESPONDENTS

1. **ULTRAFLEX, INC. ("UF")**, during all times involving the offer and sale of the securities relevant to this order, was a Nevada corporation with a business address of 1041 N. Formosa Avenue, West Hollywood, California 90046.

2. **DIXIE WORLDWIDE PRODUCTIONS, INC. ("DIXIE")**, during all times involving the offer and sale of the securities relevant to this order, was a California corporation with a business address of 100 Wilshire Boulevard, Suite 940, Santa Monica, California 90401.

3. **RICHARD F. ALLEN ("ALLEN")**, during all times involving the offer and sale of the securities relevant to this Order, acted as Chief Executive Officer ("CEO") and President of

UF and/or DIXIE. ALLEN is a California resident with a residential address of 50295 Via Puente, La Quinta, California 92253.

4. JOEY W. DAVIS (“DAVIS”), during all times involving the offer and sale of the securities relevant to this Order, acted as Chairman of the Board of Directors for UF. DAVIS is a California resident with a last known residential address of 2046 Hillhurst Avenue, Apt. 66, Los Angeles, California 90027.

5. STUART E. RAWITT (“RAWITT”), during all times involving the offer and sale of the securities relevant to this Order, acted as Director of Investor Relations for UF and DIXIE. RAWITT is a California resident with a last known residential address of 1155 North La Cienega Boulevard, Unit Number 108, West Hollywood, California 90069.

STATEMENT OF FACTS

6. On November 19, 2015, the Commission staff received information that RAWITT, while acting on behalf of ALLEN, DAVIS and UF, solicited and sold shares of UF stock to an Alabama investor. The Commission staff began an investigation based on the information received.

7. The Commission staff conducted interviews with two Alabama investors (“Investor One” and “Investor Two”) on December 3, 2015 and January 9, 2016. During these interviews, Investor One and Investor Two indicated that RAWITT “cold called” them in 2009. RAWITT told them about a product that UF developed and was marketing through the use of infomercials. The product was a fitness system named “UltraFlex Bar” that buyers could utilize in their normal fitness routines and/or for rehabilitation purposes.

8. During the initial telephone call in 2009, RAWITT disclosed to Investor One that UF met the proper requirements for “Blue Sky Filings” and that UF and its agents were properly registered to sell the investment.

9. At the time of the initial solicitation, Alabama investors were provided a Private Placement Memorandum (“PPM”) for both **UF** and **DIXIE** that described the nature and operations of the companies. The PPM’s disclosed the following:

“The Company reserves the right to allow broker/dealers which are registered as such with the Securities and Exchange Commission (the “SEC”) and which are members of the Financial Industry Regulatory Authority (“FINRA”) to sell the Units. The Company will pay up to a 10% commission on the gross proceeds of any Units sold by such registered brokers.”

10. In March and April of 2010, Investor One and Investor Two purchased a total of 87,500 shares of **UF** stock for a total purchase price of \$87,500.00. **UF** units (constituting 50,000 shares of stock in **UF**) were being marketed for \$50,000.00, but could be sold in fractions at the discretion of the selling agent. The Alabama investors were told by **RAWITT** that they would receive a monthly return of 25% on the principal investment and that the investment funds would be utilized for the production and marketing of the “UltraFlex Bar”. The Alabama investors received stock certificates for the purchase of **UF** stock.

11. In July 2010, Investor One again questioned **RAWITT** about the “Blue Sky Filings” and **RAWITT** referred the inquiry to **DAVIS**. At that point, **RAWITT** had **DAVIS** contacted Investor One by telephone and **DAVIS** admitted that **UF** was not notice filed in any state and that it would be cost prohibitive for **UF** to make the filings.

12. **DAVIS** sent investors a notification letter dated November 1, 2010, describing that **UF** would be acquired by **DIXIE**. The letter indicates that **UF** did not have adequate capital to fully brand the **UF** product. The letter states the following:

“Our resolve to be successful with our unique product has not however diminished our purpose and has prompted Ultraflex to accept an option to be acquired by Dixie Worldwide Productions (“DWP”). DWP intends to be publicly traded by December 2010 on the Frankfurt Germany stock exchange. Your shares in Ultraflex will be exchanged for DWP shares of equal value plus an additional eight (8) percent premium. You will soon receive a

letter from DWP directly informing you with specifics on this exchange of shares and your rights. DWP is a producer, developer, marketer and distributor of film, video news releases, commercials, and sellers of consumer products for Direct Response Television.”

13. In late 2011, **RAWITT** and **DAVIS** conducted a conference call with Investor One and offered the investor the opportunity to purchase an additional 12,500 shares of **UF** stock at \$.50 per share. Investor One refused the offer.

14. During a telephone conversation, **RAWITT** explained to Investor Two that for **UF** investors to have their shares converted to **DIXIE** they would be required to purchase an equal amount of **DIXIE** shares. If **UF** investors chose not to purchase **DIXIE** shares, their original investment in **UF** would be null and void. Investor Two subsequently purchased 25,000 shares of **DIXIE** for a purchase price of \$12,500.00 in March 2012.

15. In statements made by **ALLEN**, to federal agents, on May 13, 2015, **ALLEN** acknowledged paying **RAWITT** commissions in amounts of 20% to 40% of the investment funds received by **UF** and **DIXIE** as a result of **RAWITT**'s solicitations. Statements from **ALLEN** indicate that he knowingly employed **RAWITT** to solicit and sell stock of **DIXIE** despite having knowledge that **RAWITT** had been named a defendant in a December 2009 civil action taken by the United States Securities and Exchange Commission (“SEC”) for acting as an unregistered agent for an unrelated company.

16. According to Alabama investors, they were told by **RAWITT** that the investment funds for **UF** would be utilized for continued marketing of the “UltraFlex Bar”. Investor Two was told by **RAWITT** that all funds raised for **DIXIE** would be utilized for the continued operation of the company and that salespeople would not be paid commissions. According to a financial analysis conducted by the Commission staff, investor funds were utilized to pay personal expenditures, pay commissions to **RAWITT**, and to pay large sums of money to **ALLEN** and **DAVIS**.

17. Pursuant to a review of the Commission’s registration files on February 17, 2016, the

Commission staff noted that neither **RAWITT** and/or **DAVIS** were registered as an agent in the State of Alabama.

18. Furthermore, the stock that was offered and sold for **UF** and **DIXIE** was not registered, nor was there a filing for an exemption from registration regarding the securities referenced in items 1 and 2 above.

CONCLUSIONS OF LAW

19. Pursuant to Section 8-6-2(10) Code of Alabama 1975, defines stock as a security. The stock of **UF** and **DIXIE** are securities as defined in the Act.

20. Pursuant to Section 8-6-2(2), Code of Alabama 1975, an Agent is any individual other than a dealer who represents a dealer or issuer in effecting or attempting to effect sales of securities. **RAWITT** in effecting or attempting to effect sales of securities, to wit: the stock of **UF** and **DIXIE**, is an Agent as defined in the Act.

21. Pursuant to Section 8-6-4, Code of Alabama 1975, it is unlawful for any person to offer or sell any security in this state unless said security: (1) is registered under the Act; (2) the security is exempt from registration under section 8-6-10; or (3) the transaction is exempt under section 8-6-11. The security offered by **RESPONDENTS**; to wit: the stock of **UF** and **DIXIE**, was neither registered nor subject to a perfected exemption from registration in Alabama and was offered in violation of the Act.

22. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any person to transact business in this state as an agent or dealer for securities unless such person is registered under the Act. **RAWITT** by offering and selling securities, to wit: the stock of **UF** and **DIXIE**, acted as an agent in Alabama without benefit of registration with the Commission in violation of the Act.

23. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any person to employ an agent, who is not registered with the Commission, to solicit or effect sales of securities in this state. **ALLEN, DAVIS, UF and DIXIE** employed **RAWITT** as an unregistered agent in Alabama, in violation of the Act.

24. Pursuant to Section 8-6-17(a)(2), Code of Alabama, 1975, it is unlawful to make any untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading. **RAWITT** made misrepresentations relating to the proposed use of investment proceeds, to wit: that the investment proceeds would be utilized for continued marketing of the "UltraFlex Bar". The investment funds were used to pay commissions to **RAWITT**, and to pay large sums of money to **ALLEN** and **DAVIS**. The untrue statements made by **RAWITT** on behalf of **ALLEN** and **DAVIS** were material misrepresentations made in violation of the Act.

This Order is appropriate in the public interest for the protection of investors and consistent with the purposes of the Alabama Securities Act.

This Order does not prevent the Commission from seeking such other civil or criminal remedies that may be available to it under the Alabama Securities Act.

Additionally, if the allegations set forth herein are found to be true, through either administrative adjudication, failure of the **RESPONDENTS** to make a timely request for an informal hearing, or default of the **RESPONDENTS**, it is the intention of the Commission to impose sanctions upon the **RESPONDENTS**. Such sanctions may include, inter alia, an administrative assessment imposed on **RESPONDENTS**, an additional administrative assessment for investigative costs arising from the investigation of the violation(s) described herein against **RESPONDENTS**, and a permanent order to bar **RESPONDENTS** from participation in any securities related industry in the State of Alabama.

ACCORDINGLY, IT IS HEREBY ORDERED that **RESPONDENTS** immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the State of Alabama.

Entered at Montgomery, AL, this 21st day of July, 2017.



ALABAMA SECURITIES COMMISSION
401 Adams Avenue, Suite 280
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(334) 242-2984
BY:

A handwritten signature in black ink, appearing to read "Joseph P. Borg", is written over the printed name and title.

Joseph P. Borg
Director