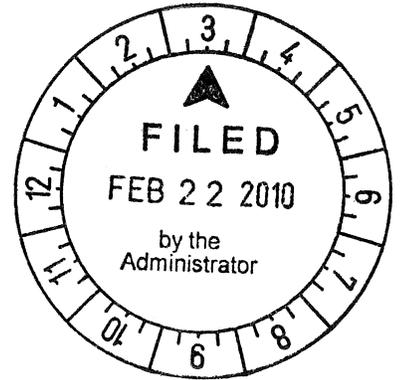


STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Children Family Films, Inc.
Karl Wayne Harris,

Respondents.

ODS File No. 10-038

NOTICE OF SERVICE ON THE ADMINISTRATOR
AND
AFFIDAVIT OF COMPLIANCE

STATE OF OKLAHOMA)
) SS.
COUNTY OF OKLAHOMA)

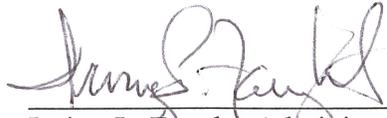
The undersigned affiant, of lawful age, being first duly sworn upon oath deposes and states:

1. That he is the Administrator of the Oklahoma Department of Securities (“Department”).
2. That the attached copy of the *Order to Cease and Desist and Notice of Opportunity for Hearing* (“*Order and Notice*”) was delivered to Affiant in the office of the Administrator of the Department (“Administrator”) pursuant to Section 1-611 of the Oklahoma Uniform Securities Act (“Act”), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003).
3. That the Administrator has received service of process on behalf of Respondents pursuant to Section 1-611 of the Act.
4. That a copy of the *Order and Notice*, and a copy of this *Notice of Service on the Administrator and Affidavit of Compliance*, are being sent this 22nd day of February, 2010, by certified mail, return receipt requested, delivery restricted to addressee, to the last known address of Respondents, in compliance with Section 1-611 of the Act.
5. That this Affidavit of Compliance is declared filed of record as of the date set forth below in compliance with Section 1-611 of the Act.

FURTHER AFFIANT SAYETH NOT.

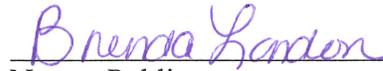
Dated this 22nd day of February, 2010.

(SEAL)



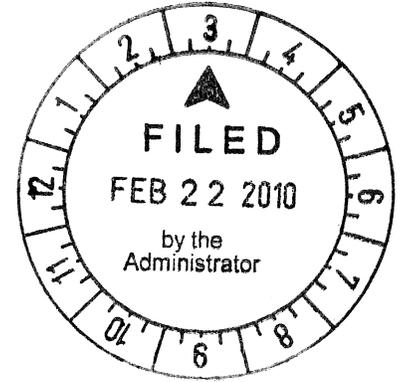
Irving L. Faught, Administrator

Subscribed and sworn to before me this 22nd day of February, 2010.



Notary Public

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER
120 N. ROBINSON, SUITE 860
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Children Family Films, Inc., and
Karl Wayne Harris,

Respondents.

ODS File No. 10-038

ORDER TO CEASE AND DESIST
AND
NOTICE OF OPPORTUNITY FOR HEARING

Order to Cease and Desist

Pursuant to Section 1-602 of the Oklahoma Uniform Securities Act of 2004 (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), the Oklahoma Department of Securities (Department) conducted an investigation into the activities of Children Family Films, Inc. and Karl Wayne Harris (collectively, the "Respondents"), in connection with the offer and/or sale of certain investments in the state of Oklahoma.

Based thereon, the following Findings of Fact, Authorities, and Conclusions of Law are presented in support of the issuance of an order to cease and desist.

Findings of Fact

1. At all times relevant hereto, Children Family Films, Inc. (Children Family Films) was purported to be a California corporation with its principal place of business in Santa Clarita, California. Children Family Films offered and sold investment units ("Units") at \$20,000 per unit for the purported purpose of producing children's films.
2. Beginning in approximately 2008, Children Family Films offered and/or sold the Units.
3. At all times material hereto, Karl Wayne Harris (Harris), an individual, was a resident of the state of California. Harris is not, and has never been, registered in any capacity under the Act. At all times material hereto, Harris offered and/or sold the Units on behalf of Children Family Films.
4. In July of 2008, an Oklahoma resident ("Investor") bought a 1/8 fractionalized interest in Children Family Films for Two Thousand Five Hundred Dollars (\$2,500.00).

5. Harris told Investor that beginning in September of 2008, he would receive the first of sixty payments for investing in Children Family Films.

6. The promised returns to Investor were not made and telephone calls by and letters from Investor went unanswered by Respondents. Respondents' phone numbers have been disconnected.

7. The Units were not registered pursuant to Section 1-301 of the Act.

To the extent any of these Findings of Fact should be considered Conclusions of Law, they should be so considered.

Authorities

1. Section 1-102 of the Act provides in pertinent part:

32. "Security" means an ... investment contract[.] The term:

* * *

d. includes as an "investment contract" an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor and a "common enterprise" means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors[.]

2. Section 1-301 of the Act provides:

It is unlawful for a person to offer or sell a security in this state unless:

1. The security is a federal covered security;
2. The security, transaction, or offer is exempted from registration under Sections 6 through 8 of this act [Sections 1-201 through 1-203 of this title]; or
3. The security is registered under this act.

3. Section 1-402 of the Act provides in pertinent part:

A. It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this act as an agent or is exempt from registration as an agent under subsection B of this section.

* * *

D. It is unlawful for a broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this state, to employ or associate with an agent who transacts business in this state on behalf of broker-dealers or issuers unless the agent is registered under subsection A of this section or exempt from registration under subsection B of this section.

4. Section 1-501 of the Act provides in pertinent part:

It is unlawful for a person, in connection with the offer, sale or purchase of a security, directly or indirectly:

1. To employ a device, scheme, or artifice to defraud;
2. To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading; or
3. To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

5. Section 1-602 of the Act provides in part:

A. The Administrator may:

1. Conduct public or private investigations within or outside of this state which the Administrator considers necessary or appropriate to determine whether a person has violated, is violating, or is about to violate this act or a rule adopted or order issued under this act, or to aid in the enforcement of this act or in the adoption of rules and forms under this act[.]

6. Section 1-604 of the Act provides in pertinent part:

A. If the Administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice or that a person has materially aided, is materially aiding, or is about to materially aid in an act, practice, or course of business

constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice, the Administrator may:

1. Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act[.]

* * *

B. An order under subsection A of this section is effective on the date of issuance. Upon issuance of the order, the Administrator shall promptly serve each person subject to the order with a copy of the order and a notice that the order has been entered. The order must include a statement of the reasons for the order, and notice that, within fifteen (15) days after receipt of a request in a record from the person, the matter will be scheduled for a hearing and the hearing shall be commenced within fifteen (15) days of the matter being set for hearing. If a person subject to the order does not request a hearing and none is ordered by the Administrator, within thirty (30) days after the date of service of the order, the order, that may include a civil penalty or costs of the investigation if a civil penalty or costs were sought in the statement accompanying the order, becomes final as to that person by operation of law. If a hearing is requested or ordered, the Administrator, after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend it until final determination.

Conclusions of Law

1. The Units are securities as defined by Section 1-102 of the Act.
2. Respondents offered and sold unregistered securities in and/or from the state of Oklahoma, in violation of Section 1-301 of the Act.
3. Harris transacted business in this state as an unregistered agent, in violation of Section 1-402 of the Act.
4. Children Family Films employed at least one unregistered agent, in violation of Section 1-402 of the Act.
5. Respondents made untrue statements of material fact and/or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in connection with the offer and/or sale of securities in violation of Section 1-501 of the Act.
6. The Administrator has the authority to order Respondents to cease and desist from engaging in an act, practice, or course of business constituting a violation of the Act.

7. It is in the public interest to order Respondents to cease and desist from engaging in an act, practice, or course of business constituting a violation of the Act.

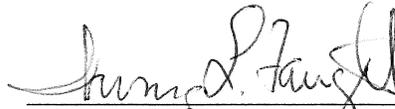
To the extent any of these Conclusions of Law are more properly characterized as Findings of Fact, they should be so considered.

ORDER

NOW THEREFORE, it is hereby ordered that Respondents cease and desist from engaging in any act, practice, or course of business constituting a violation of the Act or a rule adopted or order issued under the Act to include, offering and selling unregistered securities and/or transacting business as an agent without benefit of registration.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 22nd day of February, 2010.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

Notice of Opportunity for Hearing

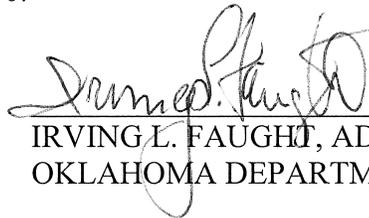
Pursuant to Section 1-604 of the Act, the Administrator hereby gives notice to Respondents of their right to request a hearing. The request for hearing must be received by the Administrator within thirty (30) days after service of the Order to Cease and Desist (Order). The request for hearing must be in writing and Respondents shall specifically admit or deny each allegation that is contained in the Order.

Within fifteen (15) days after receipt of a request for hearing from Respondents, this matter will be scheduled for hearing. The hearing shall commence within fifteen (15) days of the matter being set for hearing. Notice of the date, time and location of the hearing shall be given to Respondents. If a hearing is requested, the Administrator may modify or vacate the Order or extend it until final determination.

If Respondents do not request a hearing within thirty (30) days after the date of service of the Order and none is ordered by the Administrator, the Order becomes final as to Respondents by operation of law.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 22nd day of February, 2010.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

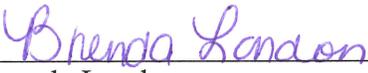
CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 22nd day of February, 2010, a true and correct copy of the above and foregoing *Order to Cease and Desist and Notice of Opportunity for Hearing* was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon addressed to:

Children Family Films and
Karl Wayne Harris
7095 Hollywood Blvd. Suite 533
Hollywood, CA 90028

Children Family Films and
Karl Wayne Harris
12241 Santa Monica, #167
Los Angeles, CA 90025

Children Family Films and
Karl Wayne Harris
3107 W. 60th Street
Los Angeles, CA 90045



Brenda London