

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933  
Release No. 8629/October 20, 2005

ADMINISTRATIVE PROCEEDING  
File No. 3-12017

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In the Matter of	:	
	:	ORDER MAKING FINDINGS
	:	AND IMPOSING
AXESS MEDIA GROUP, LTD., and	:	CEASE-AND-DESIST-ORDERS
MICHAEL DALE GRANDON	:	BY DEFAULT
	:	

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On August 24, 2005, the Securities and Exchange Commission (Commission or SEC) issued its Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 (OIP). Both Respondents were served with the OIP on August 30, 2005, and their Answers thereto were due twenty days after service. 17 C.F.R. § 201.220; OIP at 5. To date, neither Respondent has filed an Answer. On September 29, 2005, Respondents failed to attend a scheduled prehearing conference.

On October 4, 2005, the Division of Enforcement filed a motion for default against Respondents for failing to answer the OIP. I ordered Respondents to show cause on or by October 17, 2005, why they should not be held in default and why they should not be ordered to cease and desist from committing or causing violations of and any future violations of Sections 17(a)(1) and 17(a)(3) of the Securities Act of 1933 (Securities Act). To date, Respondents have failed to show such cause.

Respondents are in default for failing to answer the OIP, appear at a scheduled prehearing conference, respond to a dispositive motion within the time provided, or otherwise defend the proceeding. 17 C.F.R. §§ 201.155, .220(f), .221(f). Accordingly, I find the following allegations in the OIP to be true.

Respondent Axess Media Group, Ltd. (Axess), is a Nevada corporation located in Las Vegas, Nevada. Axess's purported business purpose is to serve as an Internet multi-media production, integration, and distribution company. Axess's securities are not registered with the Commission and the company does not file periodic reports. However, Axess stock trades publicly and is quoted on the OTC Pink Sheets under the symbol "AXMG." Respondent Michael Dale Grandon (Grandon), age 53, is the President and Chief Executive Officer of Axess.

In or around July 2004, Axess, through Grandon, posted a wholly false Private Placement Memorandum (PPM) on its Internet Web site offering 10,000,000 units of Axess common stock for sale at \$0.10 per share. The offering period disclosed in the PPM was July 1 through October 31, 2004. In or around July 2004, the Axess Web site also included an investor subscription agreement, which provided instructions for investors to wire transfer funds directly into Axess's brokerage account. The PPM contained a "Pro Forma Consolidated Financial Summary" (Financial Summary) reporting that Axess had net revenue of \$1,225,000 for the reporting period ended June 30, 2004. The Financial Summary also reported current assets of approximately \$1.4 million.

The Financial Summary was materially false and misleading, as nearly all the purported revenue and assets derived from a two-year-old agreement on which Axess had no reasonable expectation of ever collecting. In May 2002, Axess had issued four million shares of stock to a company called EdaddyWarbucks, in return for which EdaddyWarbucks promised to find \$1 million in advertising for Axess. In the two years since entering into the agreement, EdaddyWarbucks did not find any advertisers for Axess; nor was the Axess network sufficiently developed to command a \$1 million advertising fee. Axess did not have any expectation of ever receiving payment. Moreover, Axess never actually performed services for the \$1 million in revenue. Thus, the representation concerning Axess's \$1 million in revenue was materially false and misleading. The Financial Summary also included the supposed \$1 million advertising receivable as part of its \$1.4 million in current assets. For the same reasons as above, it was materially false and misleading for Axess to include this as a current asset in its financial statements.

The PPM directed investors to Axess's "Pro Forma 10 SB Registration Statement and Audited Financial Statements as available and filed at the Commission's Web site and EDGAR." Axess, however, does not file periodic reports, its securities are not registered with the Commission, it does not have any audited financial statements, and it has never filed a "Pro Forma 10 SB Registration Statement" with the Commission. Axess and Grandon knew, or were reckless in not knowing, the PPM's representations regarding Axess's financial condition were materially false and misleading.

The PPM referenced various executives and professional advisers who actually had no association with Axess. For example, the Legal and Accounting subsection of the PPM stated that Axess "has selected two highly regarded legal and accounting firms to assist in undertaking its projected public registration and auditing during FY 2002-2003, both of which have long-standing reputations for SEC enforcement and compliance." The PPM identified by name a San Francisco, California-based law firm and an Irvine, California-based accounting firm. Neither of these firms had any relationship with Axess. Additionally, the Legal and Accounting Subsection of the PPM identified five additional firms as having been "selected for consultation" on various intellectual property issues. These five firms had no relationship with Axess.

The PPM also described a "20-25 person cadre of multidisciplinary key business executives and managers known as the Executive Committee." The Executive Committee did not exist and executives identified in the PPM as its members had no affiliation with Axess. The PPM further identified several "investor and public relations professionals." Again, none had an

ongoing business relationship with Axess or Grandon, and two of the individuals had been embroiled in a business dispute with Grandon since January 2004.

The PPM was materially false and misleading in its description of the business relationships described above. Axess and Grandon knew, or were reckless in not knowing, that the PPM's representations regarding Axess's business relationships were materially false and misleading.

In August 2004, after learning of an investigation by the Commission staff, Grandon removed the PPM from Axess's Internet Web site. However, Grandon and Axess continued to use the PPM in connection with efforts to raise funds for the company.

On or around November 19, 2004, Axess entered into an operating agreement with Benchmark Capital Partners, LLC (Benchmark), a small Nevada venture capital firm. Benchmark and Axess created a new company called the Axess Venture Fund (AVF), which, according to an Axess press release, was formed to raise funds for Axess. Under the agreement, Axess conveyed 10 million shares of stock to AVF in exchange for a \$500,000 funding commitment. In or around November 2004, during the due diligence process preceding the entry into the operating agreement, Grandon provided Benchmark with a copy of the fraudulent PPM. The PPM was sent to Benchmark via e-mail.

On or about December 20, 2004, Axess filed with the Commission, through the use of the United States mail or express mail service, a Form D Notice of Sale of Securities relating to the conveyance of 10 million Axess shares to AVF. Grandon signed the Form D. The Form D filed by Axess conveyed a materially false picture of a fully operational start-up company with at least \$500,000 in sold securities. Axess and Grandon knew, or were reckless in not knowing, that the Form D filed by Axess conveyed a materially false picture of a fully operational start-up company with substantial assets and multiple professionals and executives.

Sections 17(a)(1) and 17(a)(3) of the Securities Act prohibit fraudulent conduct in the offer and sale of securities. As a result of the conduct described above, Respondent Axess violated Sections 17(a)(1) and 17 (a)(3) of the Securities Act. Further, as a result of the conduct described above, Respondent Grandon violated Sections 17(a)(1) and 17 (a)(3) of the Securities Act. Based on the foregoing, I conclude that Respondents Axess and Grandon should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 17(a)(1) and 17(a)(3) of the Securities Act.

**ORDER**

IT IS ORDERED, pursuant to Section 8A of the Securities Act of 1933, that Respondent Axess Media Group, Ltd. shall CEASE AND DESIST from committing or causing violations of and any future violations of Sections 17(a)(1) and 17(a)(3) of the Securities Act of 1933;

IT IS FURTHER ORDERED, pursuant to Section 8A of the Securities Act of 1933, that Respondent Michael Dale Grandon shall CEASE AND DESIST from committing or causing violations of and any future violations of Sections 17(a)(1) and 17(a)(3) of the Securities Act of 1933.

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Lillian A. McEwen  
Administrative Law Judge