UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9738 / March 17, 2015

SECURITIES EXCHANGE ACT OF 1934
Release No. 74520 / March 17, 2015

INVESTMENT COMPANY ACT OF 1940
Release No. 31505 / March 17, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16447

In the Matter of

CORAL REEF MEDIA, LLC and DAVID E. FLAKE,

Respondents.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, SECTIONS 15(b) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act"), Sections 15(b) and 21C of the Securities Exchange Act of 1934 ("Exchange Act"), and Section 9(b) of the Investment Company Act of 1940 ("Investment Company Act") against Respondent Coral Reef Media, LLC ("Coral Reef") and Respondent David E. Flake ("Flake") (collectively, "Respondents").

II.

In anticipation of the institution of these proceedings, Respondents have each submitted an Offer of Settlement (the "Offers") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over Respondents and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents

consent to the entry of this Order Instituting Administrative And Cease-And-Desist Proceedings ("Order"), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds[1] that:

Summary

These proceedings arise out of a fraudulent securities offering conducted by Respondents David E. Flake ("Flake") and Coral Reef Media, LLC ("Coral Reef") (together, "Respondents"). During the relevant period, Respondents relied on fabricated documents and materially false and misleading statements to offer and sell securities in Coral Reef. In addition, Respondents never registered with the Commission in any capacity, and the securities they offered and sold were neither registered with the Commission nor subject to an exemption from registration. Respondents' conduct violated Sections 5(a), 5(c), and 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated under the Exchange Act, and Respondent Flake's conduct additionally violated Section 15(a) of the Exchange Act.

Respondents

1. Flake founded Coral Reef, controlled Coral Reef's bank accounts and, at all relevant times, was the sole officer and manager of Coral Reef. He is 60 years old, resides in Menifee, California, and was never registered with the Commission in any capacity.

2. Coral Reef is a California limited liability company located in Menifee, California. It was controlled entirely by Respondent Flake and was never registered with the Commission in any capacity. Although formally still extant, Coral Reef appears to have no ongoing operations.

Background

3. From approximately May 2012 through approximately April 2013, Flake and Coral Reef relied on material misrepresentations and fabricated documents to offer and sell shares of Coral Reef stock to members of the public. Respondents also coordinated a network of paid sales representatives to offer and sell those shares for commissions. Respondents raised a total of $26,000 in the Coral Reef offering from investors in California and New Mexico. The shares offered and sold of Coral Reef were securities.

4. In connection with the offering of Coral Reef securities, Flake personally prepared offering materials that he and his sales representatives provided to investors by mail and electronic mail. The offering materials, which Flake also made available to potential investors on Coral Reef's

[1] The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

publicly available website, represented that Coral Reef was a successful company that produced television shows about "green companies and products," that Coral Reef had licensed those shows to cable television companies, and that Coral Reef had commitments from cable television companies to license Coral Reef's shows in the future. In fact, Coral Reef never produced or licensed any television shows and had no commitments from cable companies to license television shows.

5. In connection with the offering of Coral Reef securities, Flake also fabricated "commitment letters" in which cable companies purportedly agreed to license future productions from Coral Reef. He provided those letters to investors by mail and electronic mail, and directed Coral Reef's sales representatives to provide them to potential investors as well. Flake also made material misrepresentations to investors about Coral Reef in person and in telephone conversations.

6. Flake knew that the descriptions of Coral Reef provided to investors were materially false and misleading because he personally prepared Coral Reef's offering materials and personally fabricated the purported commitment letters from cable companies. As Coral Reef's founder, sole officer, and sole manager, he knew that Coral Reef was not a successful production business, that Coral Reef never produced or licensed television shows, and that Coral Reef did not have commitments from cable companies to license shows.

7. Flake used a portion of the funds raised from investors to pay commissions to at least one of Coral Reef's sales representatives. He also used a portion of the funds raised from investors to pay for his own personal expenses.

8. During the relevant period, Flake was never registered as or associated with a broker-dealer registered with the Commission.

9. During the relevant period, no registration statement was in effect as to Coral Reef's securities, and no exemption from registration applied to those securities.

10. As a result of the conduct described above, Respondent Coral Reef violated, and Respondent Flake willfully violated, Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated under the Exchange Act, which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities. Respondent Coral Reef also violated, and Respondent Flake also willfully violated, Sections 5(a) and 5(c) of the Securities Act, which prohibit the offer or sale of securities as to which no registration statement was or is in effect or on file with the Commission, and for which no exemption from registration was or is available. Respondent Flake also willfully violated Section 15(a) of the Exchange Act, which makes it unlawful for any broker or dealer to effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security, unless such broker or dealer is registered as a broker or dealer or associated with a registered broker or dealer.

IV.

In view of the foregoing, the Commission deems it appropriate, in the public interest, and for the protection of investors to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Section 8A of the Securities Act, Sections 15(b) and 21C of the Exchange Act, and Section 9(b) of the Investment Company Act it is hereby ORDERED that:

A. Respondents Flake and Coral Reef cease and desist from committing or causing any violations and any future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated under the Exchange Act, and that Respondent Flake also cease and desist from committing or causing any violations and any future violations of Section 15(a) of the Exchange Act.

B. Respondent Flake be, and hereby is:

> barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and
>
> prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter; and
>
> barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

C. Any reapplication for association by Respondent Flake will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Respondents Flake and Coral Reef shall, within 14 days of the entry of this Order, pay disgorgement of $26,000, which represents profits gained as a result of the conduct described herein, prejudgment interest of $395.03, and a civil penalty of $26,000 to the Securities and

Exchange Commission. Respondents shall be jointly and severally liable for that disgorgement, prejudgment interest, and civil penalty. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and 31 U.S.C. §3717.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying David E. Flake and Coral Reef as Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Lorraine B. Echavarria, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, Los Angeles Regional Office, 444 S. Flower Street, Suite 900, Los Angeles, CA 90071.

E. Such civil money penalty may be distributed pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended ("Fair Fund distribution"). Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents, or either of them, by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in the Order are true, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Flake under the Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent Flake of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Brent J. Fields
Secretary