

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 75963 / September 22, 2015

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3705 / September 22, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16828

In the Matter of

IDLE MEDIA, INC. and
MARCUS FRASIER,

Respondents.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Idle Media, Inc. (“Idle Media”) and Marcus Frasier (“Frasier”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers 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 them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds¹ that:

Summary

These proceedings arise out of Idle Media's numerous reporting, books and records, and internal control violations during the period it was a reporting company from August 2012 through December 2013. Because of Idle Media's accounting errors, Idle Media restated its financial statements multiple times during this period. First, Idle Media determined that its financial statements for the 2010 fiscal year required restatement because the company failed to record revenue and expenses generated by its subsidiary, Datpiff, LLC ("Datpiff"), that were processed through accounts of its parent, Zoeter, LLC ("Zoeter"). However, rather than correcting these revenue and expense line items, Idle Media improperly consolidated Zoeter as a variable interest entity. When Idle Media reported these consolidated financial statements, it failed to include Zoeter's accounts within each financial statement line item, leading to another restatement. Idle Media eventually acknowledged that its consolidation of Zoeter was incorrect, resulting in a final restatement to deconsolidate Zoeter's financial statements and recognize all of Datpiff's revenue and expenses in its own financial statements.

Marcus Frasier, Idle Media's founder and Chief Executive Officer ("CEO"), signed the company's relevant SEC filings and a certification. Although Frasier was responsible for maintaining Idle Media's books and records and implementing adequate internal accounting controls, he failed to do so. As a result, Frasier caused Idle Media's reporting, books and records, and internal accounting controls violations and improperly certified Idle Media's Form 10-Q filing.

Respondents

1. Idle Media, Inc., is a Nevada corporation based in Leesport, Pennsylvania. Idle Media develops and operates several websites focusing on music, music videos and gaming. Idle Media became a publicly traded company in May 2010 through a reverse merger with another corporation. Idle Media's stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act from August 2012 to December 2013. During that period, its stock was quoted on the OTC Bulletin Board under the ticker symbol "IDLM." The stock is currently quoted on the OTC Link, which is operated by OTC Markets Group Inc. Approximately 65% of Idle Media's outstanding stock is owned by Zoeter. Idle Media operates through Datpiff, a wholly owned subsidiary.

2. Marcus Frasier, age 30, is a resident of Shoemakersville, Pennsylvania. Frasier is the founder of Idle Media and is its CEO. Frasier also owns Zoeter and is its only member.

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.

Background

3. In 2005, Frasier created Zoeter to hold and run certain web development projects. Zoeter held datpiff.com, a website that enabled customers to upload and share music.

4. In 2008, Frasier formed Datpiff to hold and run the datpiff.com website. Although Frasier intended Datpiff to operate separately from Zoeter, Frasier used accounts in Zoeter's name to receive revenue and pay expenses for Datpiff.

5. In May 2010, Frasier formed Idle Media and caused it to merge with a shell company. At the same time, Frasier made Datpiff a wholly owned subsidiary of Idle Media. Zoeter received 40 million shares of Idle Media stock, representing a 65% share, and thereby became the parent company of Idle Media. Frasier became Idle Media's CEO. Datpiff was the primary revenue generating business of Idle Media.

6. Following Idle Media's formation, Zoeter and Datpiff shared employees, including Frasier. Zoeter continued to pay the payroll expenses for Datpiff employees and paid operating expenses, such as costs of servers, for both companies.

Idle Media's Restatement to Consolidate its Parent Company

7. Subsequent to the company issuing financial statements in its Form 10-K for its 2010 fiscal year and in its Form 10-Q for the first quarter ended December 31, 2010, Idle Media discovered that it failed to record certain revenue and expenses generated by Datpiff but processed through Zoeter's accounts. On February 28, 2011, Idle Media issued a Form 8-K announcing its previously issued financial statements for the fiscal year ended September 30, 2010 and the quarter ended December 31, 2010 should not be relied upon.

8. Nearly a year later and without having issued restated financial statements, the company filed a Form 15 on March 8, 2012, terminating its SEC registration. Three months later, however, the company filed a Form 10 to recommence registration. In the Form 10 filed June 13, 2012, the company issued restated financial statements for the fiscal year ended September 30, 2010. However, the company did not correct its accounting deficiencies resulting from the misallocation of revenues and expenses between Datpiff and Zoeter. Rather, the company consolidated Zoeter's financial statements into those of Idle Media, claiming Zoeter was a variable interest entity ("VIE") requiring consolidation by Idle Media.

10. Idle Media issued consolidated financial statements in its Form 10-Q for the quarter ended June 30, 2012, filed on August 17, 2012, and in its Forms 10 and 10/A filed on June 13, 2012, July 31, 2012, September 25, 2012, September 26, 2012, and October 29, 2012, respectively. Frasier signed and/or certified each of these reports.

Idle Media's Restatement to Correct Consolidation Errors

11. When Idle Media originally reported its consolidated financial statements, it improperly failed to consolidate Zoeter's accounts within each financial statement line item and incorrectly presented the impact of the noncontrolling interest on Idle Media's income. Idle Media amended its Form 10 on September 25, 2012 to restate the form and contents of its consolidated financial statements.

Idle Media's Deconsolidation of its Parent Company

12. Idle Media's consolidation of Zoeter was improper because Idle Media did not have a variable interest in Zoeter. Idle Media filed a Form 8-K on January 15, 2013, announcing it would restate its financial statements again to deconsolidate Zoeter and acknowledging that its VIE accounting was incorrect.

13. In December 2013, Idle Media issued restated financial statements for fiscal years 2010 and 2011 and related quarterly periods. As a result of Idle Media's improper consolidation of Zoeter and its earlier revenue and expense allocation errors between Datpiff and Zoeter, the company had materially misstated revenue and net income by 18% and 24%, respectively, for 2010. Idle Media had also materially misstated net income by 24% for 2011.

Idle Media's Failure to Maintain Adequate Books and Records

14. Throughout the relevant period, Idle Media failed to maintain adequate books and records. For example, Idle Media used Zoeter accounts for Datpiff's operations without correctly allocating revenue and expenses between the two companies. Idle Media's improper recording of revenue and expenses contributed to its incorrect determination that Zoeter's financial statements should be consolidated with those of Idle Media.

15. Frasier knew that Idle Media failed to segregate its accounts from Zoeter's accounts but failed to ensure that Idle Media properly allocated revenues and expenses to the correct entity.

Idle Media's Failure to Establish and Implement Adequate Internal Accounting Controls

16. Throughout the relevant period, Idle Media did not maintain adequate internal accounting controls. The company failed to maintain any written policies or take other meaningful steps to ensure that the company reported its financial results accurately.

17. Idle Media announced in its Form 8-K filed on March 30, 2011 the existence of material weaknesses in the company's internal control over financial reporting and that an assessment of those controls was being conducted. The company, however, failed to take adequate steps to improve its internal control over financial reporting.

18. Frasier was aware that the company failed to assess, implement, evaluate, or maintain adequate internal accounting controls. Although these controls were his responsibility,

he failed to take any action to address this issue and therefore caused Idle Media's internal accounting controls violations.

Frasier Violated the Certification Provisions

19. As Idle Media's CEO, Frasier was required to sign certifications each fiscal quarter and fiscal year pursuant to Sarbanes-Oxley Act Section 302 and Exchange Act Rule 13a-14. Frasier executed the certification attached to Idle Media's quarterly report for the period ended June 30, 2012.

20. In the certification, Frasier stated that he had designed, or caused others to design, internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reports and the presentation of financial statements.

21. Frasier's certification was untrue because Frasier did not design, or cause others to design, internal control over financial reporting.

Violations

22. As a result of the conduct described above, Idle Media violated Sections 12(g) and 13(a) of the Exchange Act and Rules 12b-20 and 13a-13 thereunder. Section 12(g), which contains an express voluntary registration provision, requires that every issuer who seeks to register a class of equity securities pursuant to Section 12(g) must file a registration statement (*e.g.*, on Form 10) containing such information and documents as the Commission may specify. In addition, every issuer of such a registered class of securities that is required to file annual reports on Form 10-K pursuant to Section 13(a) is also required to file quarterly reports on Form 10-Q pursuant to the provisions of Rule 13a-13 thereunder. Finally, Rule 12b-20 under the Exchange Act requires that such registration statements and quarterly reports contain such further material information as may be necessary to make the required statements, in light of the circumstances under which they are made, not misleading.

23. As a result of the conduct described above, Idle Media committed violations of Section 13(b)(2)(A) of the Exchange Act, which requires reporting companies to make and keep books, records, and accounts, which in reasonable detail, accurately and fairly reflect their transactions and dispositions of their assets.

24. As a result of the conduct described above, Idle Media violated Section 13(b)(2)(B) of the Exchange Act, which requires all reporting companies to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles.

25. As a result of the conduct described above, Frasier caused Idle Media's violations of Sections 12(g), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Rules 13a-13 and 12b-20 thereunder. Also as a result of the conduct described above, Frasier violated Rule 13a-14,

which requires each principal executive officer of an issuer to include certain certifications in filings made pursuant to Section 13(a) of the Exchange Act.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Section 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Idle Media cease and desist from committing or causing any violations and any future violations of Sections 12(g), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Rules 13a-13 and 12b-20 thereunder.

B. Respondent Frasier cease and desist from committing or causing any violations and any future violations of Sections 12(g), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Rules 13a-13, 13a-14 and 12b-20 thereunder.

C. Respondents Idle Media and Frasier shall each, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$50,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Payment must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents 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) Respondents 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 Idle Media and Frasier as a Respondent 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 Laura M. Metcalfe, Division of

Enforcement, Securities and Exchange Commission, 1961 Stout Street, Suite 1700, Denver, CO 80294.

D. Such civil money penalties 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 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 this Order are true and admitted by Respondent Frasier, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Frasier under this 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 Frasier 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