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STATE OF CALIFORNIA
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF BUSINESS OVERSIGHT

TO: Big Spring Gold, LLC
Louis A. Christensen
2244 Meade Street
North Bend, Oregon 97459

William Gary Clawson
935 Rhododendron Drive
Florence, Oregon 97439

Darby Cole Clawson
4837 Oceana Drive
Florence, Oregon 97439

DESIST AND REFRAIN ORDER
(For violations of Corporations Code Sections 25110, 25210 and 25401)

The Commissioner of Business Oversight finds that:

1. Big Spring Gold, LLC (“BSG”) is a Nevada limited liability company that was formed on or about May 11, 2012. At all relevant times, BSG’s principal address was 2244 Meade Street, North Bend, Oregon 97459. BSG’s principal business was the acquiring, owning, developing and managing of gold and silver mineral deposits and unpatented lode mining claims in Nye County, Nevada.
2. Louis A. Christensen (“Christensen”) is an Oregon resident with a last known address of 2244 Meade Street, North Bend, Oregon 97459. Christensen was BSG’s sole manager from May 2012 to December 2013 and BSG’s co-manager with William Gary Clawson and Darby Cole Clawson beginning in December 2013.
3. William Gary Clawson (“Gary Clawson”) is an Oregon resident with a last known address of 935 Rhododendron Drive, Florence, Oregon 97439. Gary Clawson offered and sold LLC membership interests in BSG from September 2012 to September 2013. Gary Clawson became

1 BSG's co-manager in December 2013.

2 4. Darby Cole Clawson ("Darby Clawson") is an Oregon resident with a last known address of
3 4837 Oceana Drive, Florence, Oregon 97439. Darby Clawson offered and sold LLC membership
4 interests in BSG from December 2012 to September 2013. Darby Clawson became BSG's co-
5 manager in December 2013.

6 5. Christensen, Gary Clawson and Darby Clawson are herein collectively "Respondents."

7 6. On or about May 6, 2012, Christensen formed BSG to acquire the right to purchase "10
8 unpatented lode claims" that were located in Nye County, Nevada (the "Property") from ProJem
9 Ventures, Inc. ("ProJem") by entering into a Mining Claims Option to Purchase Agreement with
10 ProJem ("Option Agreement"). The Option Agreement granted BSG the right to purchase the
11 Property from ProJem for one hundred thousand dollars (\$100,000.00) by November 1, 2013.

12 7. BSG made the initial twenty five thousand dollar (\$25,000.00) payment under the Option
13 Agreement to ProJem on May 20, 2012. Shortly thereafter, BSG offered to pay fifty thousand
14 dollars (\$50,000.00) in satisfaction of its obligations under the Option Agreement. That offer was
15 accepted and BSG made the additional fifty thousand dollar (\$50,000.00) payment on or about
16 October 25, 2012. In total, BSG paid seventy-five thousand dollars (\$75,000.00) for the Property.

17 8. Christensen had no experience acquiring, owning, developing and managing gold and silver
18 mineral deposits. He did not have an independent third party evaluate or assess the Property prior to
19 purchasing it.

20 9. BSG did not intend to conduct mining operations on the Property. Instead, BSG intended to
21 "evaluate, validate and develop the Property to the point where its potential value is well
22 documented" and then sell the Property to a "major mining company."

23 10. On or about April 15, 2014, BSG voluntarily disclosed to the Commissioner that in order to
24 acquire, develop and maintain the Property and other BSG assets, as well as to pay for permits,
25 attorney fees, consulting fees, recording fees, and ongoing expenses, Respondents and others offered
26 and sold limited liability company membership interests in BSG ("LLC Interests"), without first
27 having the offer of the securities qualified or exempt under the Corporate Securities Law ("CSL")
28 (Corp. Code §25000 et seq.).

1 11. BSG disclosed that, between August 2012 and September 2013, BSG raised a total of one
2 million nine hundred thousand dollars (\$1,900,000.00) from one hundred forty (140) persons, which
3 included one hundred twenty-three (123) residents of the United States, one (1) of which was a
4 California resident, and seventeen (17) Canadian residents, through the sale of these LLC Interests.

5 12. The Property is located on national forest lands. As such, BSG is required by law to obtain
6 approval from the U.S. Department of Agriculture's Forest Service (the "Forest Service") to search
7 for minerals on the Property prior to any such exploration. As part of that approval process, BSG
8 was required to demonstrate to the Forest Service that any exploration, among other things, would be
9 conducted in an environmentally sound manner.

10 13. In accordance with that requirement, on or about July 2013, BSG submitted to the Forest
11 Service's Austin Ranger District of the Humboldt-Toiyabe National Forest (the "Austin Ranger
12 District") a request to conduct exploratory drilling on a portion of the Property. Subject to some
13 limitations, on or about July 2014, the Austin Ranger District approved BSG's request. BSG did not
14 disclose to investors that it could take almost a year to obtain that approval.

15 14. According to an "Independent Accountants' Review Report," which was dated May 21,
16 2014, that was produced by a certified public accountant located in Vancouver, Washington, BSG
17 had not yet achieved profitable operations and was heavily dependent upon its ability to obtain
18 additional financing to obtain sufficient working capital to meet its liabilities as they became due and
19 ultimately generate a profit. Given the uncertainty about BSG's ability to do so, the accountant
20 expressed doubt about BSG being able to continue as a "going concern."

21 15. According to BSG, the price paid for the LLC Interests by investors ranged from twenty
22 cents (\$0.20) to four dollars (\$4.00) per LLC Interest and was not based on a formal appraisal of
23 BSG or its assets. BSG did not disclose to investors in connection with the offer or sale of their
24 securities that the purchase price paid for the LLC Interests was not based on a formal appraisal of
25 BSG or its assets.

26 16. In total, BSG issued approximately fourteen million seven hundred ninety-four thousand,
27 five hundred eighty-eight (14,794,588) LLC Interests, which includes the ten million (10,000,000) in
28 LLC interests that were initially sold to Christensen and two other parties. At all times material to

1 this Order, BSG's Operating Agreement and all amendments to it ("Operating Agreement") only
2 authorized the issuance of ten million (10,000,000) LLC interests. The investors were not provided
3 a copy of the Operating Agreement.

4 17. As a result of the foregoing, the sale of LLC Interests to each investor was not authorized
5 under the Operating Agreement and, therefore, each LLC Interest holder was not properly admitted
6 as a Member of BSG. As such, at all times material to this Order, the investors did not have any
7 rights – including the right to vote, or the right to a distribution of profits – under the Operating
8 Agreement.

9 18. From August 2012 to September 2013, LLC Interests were primarily sold by Respondents.
10 Respondent Gary Clawson sold one million five hundred fifty-seven thousand two hundred eight
11 dollars (\$1,557,280.00) worth of LLC Interests to one hundred eleven (111) investors and collected a
12 total of one hundred thirty-seven thousand one hundred eighteen dollars (\$137,118.00) in finder's
13 fees. He was not a manager of BSG at that time. Darby Clawson sold four hundred eighty-eight
14 thousand and fifty dollars (\$488,050.00) worth of LLC Interests to forty-four (44) investors and
15 collected forty-eight thousand eight hundred five (48,805) LLC interests as a finder's fee. He was
16 not a manager of BSG at that time.

17 19. Gary Clawson and Darby Clawson both received fees for offering and selling to the
18 California resident. They were not licensed by the Commissioner as broker-dealers under the CSL
19 to sell the LLC Interests.

20 20. Respondents did not provide investors with a private placement memorandum that included a
21 general description of their business, or a description and location of the property, the natures of
22 competition within their industry, the nature and type of government regulation, the names and
23 background information – including criminal histories, and history of bankruptcies – of all the
24 managers and consultants, that were involved or would be involved with BSG, and the nature of any
25 conflicts of interest involving BSG.

26 21. BSG also did not provide investors with other material documents, including audited
27 financial statements, BSG's Operating Agreement, or the Option Agreement.

28 22. To the extent that investors were told about the risks of investing in BSG, the disclosures

1 related more to the generalized risk of investing in securities. They were not told that gold and silver
2 mining exploration is highly speculative and that there was a substantial risk that it might ultimately
3 be determined that there were no exploitable minerals on the Property; that there were no known
4 reserves on the Property; there was great uncertainty about BSG's ability to continue as a going
5 concern without additional financing; that BSG might not be able to obtain such financing; that the
6 impact of government regulation could adversely impact BSG; that the submission and approval of
7 an environmental impact study to the Forest Service was required before any exploration could
8 begin, and that that approval might not be obtained; that the LLC Interests were not qualified; that
9 the price paid for the LLC Interest was arbitrary and may not have reflected the actual value of BSG;
10 that BSG's managers were inexperienced and reliant on outside consultants and advisers; that even if
11 the Property's potential value could have been demonstrated, that BSG might not have been able to
12 find a buyer for the Property; and that the investor might not have any rights under the Operating
13 Agreement if the shares issued to them were not authorized under the LLC Agreement.

14 23. The LLC Interests are securities in the form of investment contracts that were sold in issuer
15 transactions either by the issuer (Christensen as BSG's sole manager) or by sellers acting as broker-
16 dealers under the CSL (Gary Clawson and Darby Clawson). The non-issuer sellers, Gary Clawson
17 and Darby Clawson, received fees of up to twenty percent (20%) of each investor's investment in
18 exchange for brokering the sale of securities for BSG.

19 24. The Commissioner has not issued any permit, license or other form of authorization,
20 approval or qualification to allow the Respondents to offer and sell securities, including LLC
21 interests in BSG.

22 25. Gary Clawson and Darby Clawson neither applied for nor secured from the Commissioner
23 the certificate required to effect any transaction in, or induce or attempt to induce the purchase or
24 sale of, any security in this state, or otherwise operate in the capacity of a securities broker-dealer in
25 the State of California at the time of the offer of the securities referred to above, nor were they
26 exempt from such licensing requirements at the time.

27 Based upon the foregoing findings, the Commissioner is of the opinion that the LLC interests
28 in BSG offered to at least one California resident constitute securities, which are subject to

1 qualification under the CSL, and that these securities were offered without first being qualified or
2 exempt, in violation of Corporations Code section 25110.

3 The Commissioner is of the further opinion that the securities in the form of LLC interests in
4 BSG have been offered in this state by means of written and oral communications, which include
5 untrue statements or omissions of material facts, in violation of Corporations Code section 25401.

6 The Commissioner is further of the opinion that Gary Clawson and Darby Clawson have
7 effected a transaction in, or induced or attempted to induce the purchase or sale of, a security in this
8 state, without having first applied for and secured licenses authorizing them to act in the capacity of
9 securities broker-dealers, in violation of Corporations Code section 25210.

10 Pursuant to Corporations Code section 25532, Big Spring Gold, LLC, Louis A. Christensen,
11 William Gary Clawson and Darby Cole Clawson are hereby ordered to desist and refrain from the
12 offer or sale in the State of California of securities, including LLC interests, unless and until
13 qualification has been made under the CSL or unless exempt.

14 Pursuant to Corporations Code section 25532, Big Spring Gold, LLC, Louis A. Christensen,
15 William Gary Clawson and Darby Cole Clawson are hereby further ordered to desist and refrain
16 from the offer and sale in the State of California of securities, including LLC interests, by means of
17 any written or oral communication which includes untrue statements or omissions of material facts.

18 Pursuant to Corporations Code section 25532, William Gary Clawson and Darby Cole
19 Clawson are hereby ordered to desist and refrain from effecting any transaction in, or attempting to
20 induce the purchase or sale of, any security in this state, unless and until they have applied for and
21 secured from the Commissioner certificates authorizing them to act in that capacity or unless
22 exempt.

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This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

Dated: August 11, 2016
Sacramento, California

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division