UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-16318

In the Matter of

MICHAEL W. CROW,
ALEXANDRE S. CLUG,
AURUM MINING, LLC,
PANAM TERRA, INC., and
THE CORSAIR GROUP, INC.,

Respondents.

DIVISION OF ENFORCEMENT'S POST-HEARING REPLY BRIEF

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Dated: October 20, 2015

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The Division of Enforcement respectfully submits this Post-Hearing Reply Brief.[1]

PRELIMINARY STATEMENT

In the face of the overwhelming evidence of their securities law violations, Respondents Michael Crow and Alexandre Clug respond with a series of farfetched arguments based on invented factual assertions. As the evidence presented at the hearing conclusively proves, however, Crow and Clug – through their three categories of violations – defrauded Aurum and PanAm investors and aided and abetted and caused violations by PanAm and Corsair.

With respect to the first category, Crow's and Clug's opposition to the fraud charges is based on factual assertions they seem to have concocted out of thin air. They argue that mining rights were transferred to their Brazilian joint venture, when the evidence conclusively demonstrates that no mining rights were ever transferred. Crow and Clug also claim that Aurum's investors were offered, and agreed to, rescission of the August 2011 PPM, when no rescission was offered or agreed upon. And they argue that Crow's background was fully disclosed to investors who, they claim, found it immaterial. In fact, Crow's history as a recidivist securities law violator and his long-running bankruptcy were concealed. Aurum's investors, in fact, regarded the character and integrity of Aurum's managers as extremely important, but they never were shown the full picture.

Crow and Clug also claim that they provided investors with accurate geological information. The evidence shows, however, that when Crow and Clug hired two well-qualified, independent geologists – Steven Park and Peter Daubeny – they concealed these geologists' documented conclusions from investors. Crow and Clug conveniently ignored all information that contradicted the narrative they presented to Aurum's investors: that they were pursuing a

[1] This Reply Brief incorporates the abbreviations used in the Division's opening brief.

novel "quick to production" strategy that would soon result in "cash flowing" and then a lucrative merger or public listing. Although Crow and Clug included generic risk disclosures in their emails, PPMs, Business Plans, and Quarterly Reports, investors never knew about the actual risks that Crow and Clug knew about but concealed from them.

Crow and Clug have only themselves to blame. Their "quick to production" approach was nothing more than slick marketing and, for more than two years, Crow and Clug told investors that their "cash flowing" properties would yield vast riches. In the end, every project they touted – Batalha, Cobre Sur, Molle Huaca, and Alta Gold – turned out to be essentially worthless. The investors who placed their trust with Crow and Clug have been left with nothing.

With respect to the second category of violations, Crow and Clug rely on the testimony of an outside board member and a former CEO to argue that PanAm's periodic filings that concealed Crow's involvement were accurate. However, Crow was closely involved in PanAm's affairs and policymaking before and during its time as a public company. Crow's grip on PanAm is evidenced through his brazen convertible note scheme, in which Crow extracted $75,000 from PanAm by directing the CFO to secretly sell shares and then hide the transaction from auditors.

As to the third category of violations, Crow and Clug offer little defense to the evidence proving that Corsair acted as an unregistered broker-dealer. Clug claims only that the Referral Agreement was entered into "mistakenly" and Crow argues that Corsair provided advisory services. Neither point has any evidentiary support.

These three categories of egregious violations deserve meaningful sanctions. Crow and Clug have shown no remorse, and they do not hide the fact that they intend to continue promoting dubious South American gold mines. They also demonstrate no understanding of the

serious financial losses their conduct has caused, and insist that the victims of their fraud hold them in high regard. As a result, substantial sanctions and remedies are warranted.

STATEMENT OF FACTS

The Division relies on and incorporates herein its Responses and Counterstatements to the Proposed Findings of Fact and Conclusions of Law submitted by the Respondents.

ARGUMENT

I. Crow, Clug, Aurum and PanAm Willfully Violated the Anti-Fraud Provisions of the Federal Securities Laws; Crow and Clug Willfully Aided and Abetted and the Caused Aurum's and PanAm's Violations

A. The Batalha Joint Venture Never Acquired or Controlled Mining Rights

Crow and Clug argue that "the JV did acquire or control the rights to Batalha." Crow Opp. Br. at 12; Crow Br. at 10 ("the rights to the mining concessions were acquired in the manner detailed by R[a]iss"). They claim that the testimony of Raiss and Palacio supports this position, and that "[v]arious powers of attorney" prove the transfer. Clug Br. at 14; Crow Br. at 10.

As the evidence overwhelmingly proves, however, the mining rights were never transferred to the joint venture. This is confirmed by a public registry maintained by the Brazilian government, and neither the powers of attorney nor any other document transfers the rights. Div. FOF 166-174; Tr. 293:13-17 (Palacio: [D]o these Power of Attorneys grant any type of mining rights? A. Not mining rights. Q. Who actually grants the mining rights? A. The Brazilian Government agency, DMPM.").

Palacio testified that, as the official government records show, the rights remained at all times with Jose Barbosa de Lima, and Crow and Clug "clearly knew" this. Div. FOF 166-170. Even their Brazilian law firm advised Crow and Clug that "no proof [exists] that Batalha has

mining rights" and that "[a]ll Mining Rights are held by Mr. Jose Barbosa de Lima." Div. FOF 173. *See also* Tr. 1594:19-23 (Raiss: Q. "[A]t the time you worked with Michael Crow and Alex Clug on the Batalha project, were the mining licenses to the Batalha license ever obtained from the government. A. No, they were not obtained."); Tr. 1595:13-18 (Raiss: "Q. [A]the time you formed the joint venture, you understood that the mining rights to the Batalha property could not be transferred or sold? A. They could not be transferred . . . [Crow and Clug] knew it.").

B. The August 2011 PPM Was Not Rescinded

Crow and Clug claim that the January 2012 Update was a "rescission offer." Clug Br. at 12-13; Crow Br. at 9. By signing the Update, they argue, the seven investors under the August 2011 PPM agreed to "rescind" that PPM and, as a consequence, "the closing conditions of the August 2011 PPM were no longer relevant." Clug Br. at 13.

This rescission theory is a fantasy. The Update says nothing about rescinding the August 2011 PPM; instead, it only requests that the investor acknowledge receipt of the December 2011 PPM and confirm that the investor "wish[es] to continue[.]" Div. FOF 148. Neither Crow nor Clug – who have the burden of proving rescission – explain how the January 2012 Update operates as a rescission. The Update does not purport to rescind anything, and a rescission must be expressly offered and agreed to. *Int'l Ind. Park, Inc. v. Unites States*, 100 Fed. Cl. 638, 653 (2011) (rescission occurs where "each party agrees to discharge all of the other party's remaining duties of performance under an existing contract[.] . . . [T]here must exist an offer by one party and an unconditional acceptance of that precise offer by the other, prior to withdrawal by the offeror, before a binding agreement is born." *See also* Black's Law Dict. (8th ed. 2004) (rescission is "[a]n agreement by contracting parties to discharge all remaining duties of

performance and terminate the contract"). The party asserting rescission has the burden of provision rescission. *Int'l Ind. Park,* at 653.

Respondents' rescission argument, which deems the Closing Conditions in the August 2011 PPM "irrelevant," fails. In fact, Crow and Clug knew that they did not meet the Closing Conditions, yet they told investors that "we have satisfied the conditions of closing on the Aurum original [August 2011] PPM." Div. FOF 148. Clug dismisses this blatant and highly material, misrepresentation as "one single line" that the Division takes "out of context" and "ignores a common sense understanding." Clug. Br. at 13. At the hearing, however, Crow and Clug conceded that the Closing Conditions were not satisfied, and that the representation that the Closing Conditions were satisfied induced the noteholders to convert. Div. FOF 185-200.

C. Crow and Clug Did Not Reasonably Rely on their Geological Advisers

Clug argues that Aurum's statements to investors were "backed up by data provided by sources that Crow and Clug had a right to rely on." Clug Br. at 14. Crow claims that he and Clug communicated information to investors "exactly as it was presented" to them. Crow Br. 15-16. The argument that Crow and Clug relied in good faith on their experts, and merely passed along those experts' conclusions, is contradicted by the evidence. Indeed, the fraud resulted in part from the fact that Crow and Clug did *not* rely on experts.

Regarding the Batalha property, Crow and Clug made numerous statements regarding the gold content of the Batalha property in the August and December 2011 PPMs, which were all false because, as Bruno Palacio testified, no reliable testing was ever done. In Peru, Crow and Clug claim that they relied on their in-house Peruvian geologists. However, Elias Garate's reports lack any documentation or backup, use nonstandard geological terms, and Garate's methods and conclusions were criticized by both Daubeny and Park. Even Park, *testifying as*

Respondents' expert, agreed that Garate's estimate of mineral potential as mineral reserves was incorrect and misleading. Div. FOF 303.

Even taking them at face value, the Garate and Ciro de la Cruz reports fail to support the much more far reaching statements in the PPMs, Quarterly Reports and Business Plans. The argument that Crow and Clug passed along information "exactly as it was presented" to them is refuted by a significant change Crow and Clug made to Garate's statement in January 2013 that there was a "mineral potential" of 2.8 million ounces at Molle Huacan. In the Business Plan released several weeks later, Crow and Clug changed Garate's statement of "mineral potential" to a "mineral resource" of 2.8 million ounces. Div. Ex. 293, 295-296. Allan Moran found no documentation in the record to support the transformation of a "potential" to a "resource" in just several weeks. Div. FOF 295.

Crow argues that he "had a different approach" that emphasized "drifting the vein" and that he was not interested in "exploring in hopes of selling to a larger mining company." Crow Br. at 13. This was not, however, how Aurum ever presented itself to investors. None of the investor materials state that "drifting the vein" is Aurum's approach, and virtually every communication mentioned the prospect of a merger, sale or public offering for Aurum. Crow and Clug also never described Aurum to investors as adopting the small-scale, pick-and-shovel approach of artisanal miners. Instead, Aurum consistently told investors that it was aiming to meet NI 43-101 standards (which small-scale artisanal miners would not), and that its tonnage would exceed 900,000 tons per day, Div. Ex. 165(a)-(d), far in excess of small-scale miners.

Once a party chooses to speak about a certain topic it "must speak truthfully about material issues." *Caiola v. Citibank, N.S.*, 295 F.3d 312, 331 (2d Cir. 2002). But Crow and Clug never spoke truthfully about the mining prospects of the Brazil and Peru properties. Throughout

2012 and 2013, Crow and Clug repeatedly told investors that production and "cash flow" was about to happen, and that additional investments were needed in order to attain "positive cash flow." Div. FOF 89. This was all a mirage designed to elicit more money from investors.

Crow's and Clug's claim that the Daubeny 43-101 report was "promptly provided to investors" is not correct. Clug Br. at 15. Prior to receiving Daubeny's report, Crow and Clug had repeatedly told investors that Molle Huacan would conform to 43-101 standards. Div. FOF 139, 163(b), 164(a). When they received the report, however, which contradicted everything they had been telling investors, Crow and Clug only told investors that the report "confirm[ed] our project as a project of merit" and that a "[c]opy of this large report is in our data room." Div. FOF 165(b). Simply pointing investors to the data room, and remaining silent about Daubeny's critical conclusions, was inadequate and amounted to no disclosure at all.

To be considered as part of the "total mix" of information available, the information must be "'reasonably available.'" *Dolphin and Bradbury, Inc.*, Rel. No. 9721, at *9 (July 31, 2006). The data room, as the evidence shows, was not reasonably available to Aurum investors. It was inconsistently referenced in offering materials, and sometimes not at all. Div. FOF 375. Mitchell Melnick tried but failed to access the data room. Div. FOF 380. Paul Hollander had never heard of the data room or any online source for Aurum information. Div. FOF 381. Simon Stern, who testified he was "not computer literate," also never heard of the data room. Div. FOF 382. Richard Weissman testified that he "attempted to access the data room, many times, I could not access it." After seeking help from Clug, who emailed that "the link does not work well automatically," Weissman accessed the data room and found "stuff in Spanish – or Portugese . . . that I could not read." Div. FOF 377-378. Even Lana could only recall accessing the data room "no more than twice" and could recall "nothing specific" about what was there.

Div. FOF 383. Both Weissman and Daubeny testified that they did not see any documents relating to Crow's prior SEC cases in the data room. Div. FOF 254, 379.

D. The Bespeaks Caution Doctrine Does Not Protect Crow and Clug

Clug argues that he is shielded from liability under the bespeaks caution doctrine. Clug Br. at 15. The bespeaks caution doctrine, however, "does not permit a company to avoid Rule 10b-5 liability by the insertion of 'boilerplate' cautionary language." *Rita J. McConville*, Rel. No. 2271, 2005 WL 1560276, *n.36 (June 30, 2005); *SEC v. Tecumseh Holdings Corp.*, 765 F. Supp.2d 340, 353 (S.D.N.Y. 2011) ("generic warnings-that the investment 'involves a high degree of risk' and is 'highly speculative' . . . [do not] adequately caution that [defendant's] profit projections were entirely divorced from reality or reasonable expectations for future earnings"). In addition, untrue statements of fact are not protected under the bespeaks caution doctrine. *Id. See also SEC v. Meltzer*, 440 F. Supp.2d 179, 192 (E.D.N.Y. 2006) ("the [bespeaks caution] doctrine does not apply to 'historical or present fact-knowledge within the grasp of the offeror'").

Crow and Clug made numerous false statements in the PPMs, Quarterly Reports and Business Plans that purported to be known or existing facts. They stated, for example, that the Batalha JV obtained or controlled mining rights; that they purchased equipment in Brazil; and that the Closing Conditions in the August 2011 PPM were satisfied. These were false factual statements that are not protected by the bespeaks caution doctrine.

Even with general cautionary language, projections of future performance can be fraudulent when known risks are not disclosed. "[C]autionary words about future risk cannot insulate from liability the failure to disclose the risk that has transpired.'" *Dolphin and Bradbury, Inc.*, Rel. No. 8721, 2006 WL 19760000, *9 (July 13, 2006) (omissions were material

despite warnings of "future risks" because the Respondent's "actual knowledge" was not disclosed). Crow and Clug, therefore, cannot insulate their sky-high projections from liability by surrounding them with risk disclosures. For example, Crow and Clug knew that they had no mining rights to the Batalha site, which they concealed from investors. As a result, their projections that investors could receive 17 times the initial investment (August 2011 PPM) and 40 times the initial investment (December 2011 PPM) violate the antifraud provisions despite the surrounding cautionary language. As another example, Crow and Clug knew, based on the Park and Daubeny reports, that Molle Huacan was a mere exploration site, so the risk disclosures relating to Molle Huacan do not shield them from liability. By concealing their actual knowledge from investors when making future projections, Crow and Clug lose any protection afforded by the bespeaks caution doctrine.

E. The E-mails, PPMs, Quarterly Report and Business Plans Were Offers to Purchase Securities

Crow argues that the Quarterly Reports and Business Plans "were not offers to purchase securities." Clug Br. at 14. Section 10(b), however, applies "whenever assertions are made ... in a manner reasonably calculated to influence the investing public." *SEC v. Tex. Gulf Sulphur Co.*, 401 F.2d 833, 860-62 (2d Cir. 1968). *See also SEC v. Savoy Indus., Inc.*, 587 F.2d 1149, 1171, 190 U.S. App. D.C. 252 (D.C. Cir. 1978) ("in connection with" requirement is satisfied when it can reasonably be expected that a publicly disseminated document will cause reasonable investors to buy or sell securities). The emails that Crow and Clug sent to potential investors were reasonably calculated to influence investors and therefore constitute offers to purchase securities. Div. FOF 70-91.

Crow and Clug also point out that many of their misrepresentations and omissions were made to persons who "never invested." Clug Br. at 11. Crow and Clug sent many emails to

potential investors containing blatant misrepresentations, and these emails also are within the scope of the antifraud provisions. *Chase Manhattan Bank v. Fidata Corp.*, 700 F. Supp. 1252, 1261 (S.D.N.Y. 1988) ("A misrepresentation communicated to one person can support a claim for fraud").

Courts have taken a broad approach to Section 10(b) and the Supreme Court has stated that "the statute should be construed not technically and restrictively, but flexibly to effectuate its remedial purposes." *SEC v. Zandford,* 535 U.S. 813, 819 (2002). As a result, "actual sales [are] not essential" for liability to attach under the antifraud provisions. *SEC v. Am. Commodty Exch.*, 546 F.2d 1361, 1366 (10th Cir. 1976). *See also SEC v. Wolfson,* 539 F.3d 1249, (10th Cir. 2008) (documents designed to reach investors that were material to investors' decisions to invest were satisfied "in connection with" requirement).

F. Crow and Clug Concealed Aurum's Use of Funds

Crow and Clug also argue that they adequately disclosed to investors their use of funds. Crow Br. at 11 ("there was no evidence of personal misuse of funds by Crow"); Clug Br. at 16 ("Clug's and Crow's compensation was clearly and consistently disclosed."). Crow and Clug, however, never told investors how they were spending their funds.

The PPMs gave conflicting disclosures. One section stated that Crow and Clug received Aurum's Class B shares "in consideration of the efforts of the Corsair Group in organizing Aurum Mining, advancing all the costs and time." Div. FOF 123. Another section, entitled "Aurum Mining, LLC – Operating Agreement," provided that Managers "shall be paid a reasonable compensation." Crow and Clug, however, never told investors how much they took. And when Weissman inquired at the November 2013 investor meeting, Clug told investors that he and Crow were not receiving compensation. Div. FOF 316.

The Division traced the inflows and outflows of all funds raised by Aurum. Of the $3,995,775 raised from investors, Crow and Clug kept $1,034,271 deposited in their U.S. accounts, Div. Ex. 2Aat 4-5 (Celamy Exs. 1, 2), and transferred $2,724,000 to Peruvian accounts. Of the $2.7 million Crow and Clug transferred to Peru, approximately $800,000 ($520,075.15 plus S./764,164.57) appears to have been used for mining-related expenses, taking the unsupported journal entries at face value. Div. FOF 338, 339. As for the remaining $2 million in investor funds transferred to Peru, except for a small amount, the manner in which these funds were spent is unknown both because Aurum's Peru bookkeepers kept descriptions and entries on its ledgers vague, and also because the Division was unable to obtain from Crow and Clug bank transfer details and cancelled checks. Div. FOF 336-337; Div. Ex. 3A at 28-29 (Yanez Exs. 22-23). During 2013, Aurum's Peruvian and U.S. bank accounts dwindled down to nothing while Crow and Clug kept ratcheting up their projections. By January 2014, the $2.7 million that Crow and Clug had transferred to Peru was depleted. Div. FOF 340, 550, 551. Crow and Clug also received 66% of the $250,000 raised from the 2011 noteholders. Div. FOF 94.[2]

[2] Clug also argues that "the investors supported Respondents," and that "not a single investor complained." Clug Br. at 6. This is not true. Paul Hollander testified that investors complained at the November 2013 meeting about lack of production and lack of information. Div. FOF 318. Lana also testified that investors were "extremely disappointed" to learn of the abysmal testing results in January 2014. Div. FOF 325. In February 2014, Bruce Hollander, an investor, emailed Crow that many investors were "extremely upset at you" and that "[a] review of all the reports that were presented to us over the past 2 years was filled with misinformation." Hollander also emailed Clug to say that Crow could be liable "for mismanagement, mis-information, fraudulent use of our equipment as the collateral for a loan in Peru." Div. FOF 354, 356. And although Crow and Clug seek to characterize Richard Weissman as "one disgruntled individual," Weissman's testimony of the November 2013 meeting was corroborated by Lana and Paul Hollander, and Clug identifies no evidence contradicting Weissman's testimony. In any event, "a showing of investor reliance is not required to establish fraud." *SEC v. Stratocomm Corp.*, 2 F. Supp.3d 240, 263 (N.D.N.Y 2014) ("the fact that a select few investors have attested that they were not mislead . . . is of no moment").

II. PanAm Willfully Violated Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 thereunder; Crow and Clug Willfully Aided and Abetted and Caused PanAm's Violations; Clug Willfully Violated Rule 13a-14 Under the Exchange Act

Crow and Clug argue that Crow's role with respect to PanAm was to act merely as a consultant, and that the testimony of Henry Gewanter, Chad Mooney and Steve Ross supports this position. Gewanter and Mooney, however, were uninvolved with PanAm's day-to-day affairs and had little knowledge of Crow's involvement with PanAm. The board only had a single meeting and there is no evidence of Gewanter or Mooney ever doing anything as board members apart from being copied on a handful of emails. In addition, Ross's testimony that Crow acted as a consultant and not an officer is not credible based on Ross's own emails.

PanAm's day-to-day affairs were handled by only two people: Crow and the CEO, a post held first by Clug and then Ross, who Crow installed due to his dissatisfaction with Clug's performance. As his emails show, Crow was involved with every decision at PanAm, including board member selection. In fact, this was true from PanAm's inception, when Crow conceived of the company, provided its corporate shell, and funded it.

Crow's domination of PanAm is shown through his convertible note scheme. Crow converted the note, which had been disclosed on numerous PanAm public filings, and arranged for the CFO to secretly sell to three investors 300,000 of the shares that Crow received upon conversion. Crow and Clug then conspired to mislead the auditor into believing that the note had been extended, when it instead had been converted.

Crow and Clug barely try to defend this transaction. Crow's argument is that the transaction was "properly disclosed and documented" and that the auditor did not require disclosure. Crow Br. at 5. This blatantly misstates the record: Nathan Hartmann testified that the transaction was material and should have been disclosed. Div. FOF 487-491. Clug says only

that "Crow did in fact extend the due date on the Notes," Clug Br. at 17, which also misrepresents the facts. Clug knew that the note had been converted, not extended, and that PanAm's auditor was being deceived. Div. FOF 480-485, 488.

III. Crow, Clug and Corsair Violated Section 15(a)(1) of the Exchange Act; Crow and Clug Willfully Aided and Abetted and Caused Corsair's Violation; Crow Willfully Violated Section 15(b)(6)(B) of the Exchange Act; Clug Willfully Aided and Abetted and Caused Crow's Violation

Crow and Clug make a brief and unconvincing argument that Corsair did not act as an unregistered broker-dealer in violation of Section 15(a). Clug claims that Corsair "mistakenly" entered into the Referral Agreement, which entitles Corsair to a 3% fee for each Aurum investor referred to ABS. Clug Br. at 18. Crow argues that he never referred any investors to ABS, that the Referral Agreement was ABS's "standard contract," and that the payments to Corsair were for "advisory work." Crow Br. at 17.

None of these arguments are persuasive, and the evidence shows that Crow and Clug did much more than simply bring together purchasers and sellers. The Referral Agreement expressly provides for the payment of transaction-based compensation, and the invoices sent from Corsair to ABS show the 3% calculation per the Referral Agreement. As Clug testified, after a lawyer warned them that this arrangement looks like a "success fee," they executed an Advisory Agreement, but the purpose of the payments remained the same. Although most of the referrals were Lana's contacts, Crow and Clug, who viewed the deal as a way to increase Aurum's own fund due to the line-of-credit component, were the driving force behind the arrangement with ABS and were involved in the solicitations and in the communications with ABS. This is sufficient to prove that Corsair acted as an unregistered broker-dealer. *SEC v. Stratocomm Corp.*, 2 F. Supp.3d 240, 263 (N.D.N.Y 2014) (finding marketer acted as unregistered broker-dealer; "Among the activities that indicated that a person may be acting as a 'broker' are: (1)

solicitation of investors to purchase securities; (2) involvement in negotiations between the issuer and the investor; and (3) receipt of transaction based compensation.").[3]

IV. Meaningful Sanctions Should Be Imposed

Crow, Clug, Aurum and PanAm should be found jointly and severally liable for disgorgement of the total amount raised in the fraudulent Aurum and PanAm offerings, $4,395,775, plus prejudgment interest. The $39,563 that Crow and Clug received in referral fees from ABS should also be disgorged, with prejudgment interest. All Respondents should be ordered to pay substantial, third-tier civil monetary penalties, and be ordered to cease and desist violations of the securities laws. Crow and Clug should be subject to permanent penny stock bars and collateral industry bars, and Clug should also be permanently barred from being an officer or director of a public company.

In offering fraud cases, the typical measure of disgorgement is the total amount raised minus the amount returned to investors. Div. Br. at 31-32 (collecting cases). Clug argues that this measure only applies in "Ponzi scheme case[s]," but cites to no authority justifying such a limitation. Clug. Br. at 20. In the event disgorgement is ordered, Clug states that "the appropriate amount would equate to $286,810.01." Clug Br. at 20.

As to the penalty amount, Clug argues for a nominal tier one penalty of $7,500 because he has "voluntarily ceased raising money from investors." Clug Br. at 21. Clug's fraudulent conduct resulted in substantial losses to investors, for which neither Crow nor Clug have shown remorse nor expressed regret. Crow is a recidivist. Crow and Clug also have demonstrated an

[3]Clug also briefly asserts, without any analysis, that this proceeding violates the Appointments Clause, Article II of the U.S. Constitution, as well as "Art. I delegation doctrine and a right to a jury trial." Clug Br. at 21. Similar arguments were recently considered and rejected by the Commission. *Raymond J. Lucia Cos., Inc.*, Rel. No. 75837, Admin. Proc. File 3-15006, at 28-33 (Sept. 3, 2015) (rejecting Appointments Clause argument); *Timbervest, LLC*, Rel. No. 4197, Admin. Proc. No. 3-15519, at 39-52 (Sept. 17, 2015) (rejecting Constitutional arguments).

intent to continue with the same conduct. As recently as June 2015, despite Crow's forced exit from Aurum, Crow and Clug wrote a letter to Aurum's investors stating that "there is indeed gold" at Molle Huacan and that they were looking for a "potential merger partner" for Molle Huacan. Div. Ex. 737.

Finally, Clug also claims to have been prejudiced by the Division's request for an officer-and-director bar because "Clug could have put additional evidence [in] to rebut this relief." Clug Br. at 19. Clug, however, does not identify such additional evidence he would have offered.

CONCLUSION

The Division of Enforcement respectfully requests that the Court enter the Division's proposed findings of fact and conclusions of law and impose on the Respondents the requested sanctions.

Dated: New York, NY
October 20, 2015

Respectfully submitted,

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CERTIFICATE OF SERVICE

Pursuant to Rule 151(d) of the Commission's Rules of Practice, I, Ibrahim Bah, hereby certify that on October 20, 2015, I caused the following documents:

- *Division of Enforcement's Responses and Counterstatements to the Proposed Findings of Fact and Conclusions of Law of Respondents Alexandre Clug, Aurum Mining, PanAm Terra, and The Corsair Group;*
- *Division of Enforcement's Responses and Counterstatements to the Proposed Findings of Fact and Conclusions of Law of Respondent Michael Crow; and*
- *Division of Enforcement's Post-Hearing Reply Brief*

To be sent by UPS Overnight Delivery to:

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100 F Street, N.E.
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And by email to:

The Honorable Jason S. Patil (copy) at alj@sec.gov;

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Counsel for Alexandre S. Clug, Aurum Mining, LLC, PanAm Terra, Inc., and The Corsair Group, Inc.

Michael W. Crow, Pro Se (copy) at [redacted]

Dated: October 20, 2015
New York, New York

Respectfully submitted,

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