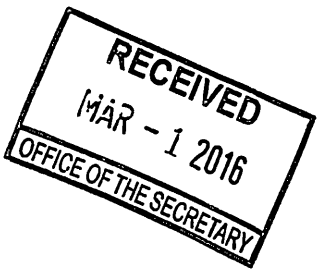
UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



In the Matter of:	:	
	:	ADMINISTRATIVE PROCEEDING
MICHAEL W. CROW,	:	
ALEXANDRE S. CLUG,	:	File No. 3-16318
AURUM MINING, LLC, and	:	
THE CORSAIR GROUP, INC.	:	
	:	

ALEXANDRE S. CLUG'S PETITION FOR REVIEW OF INITIAL DECISION

I, Alexandre S. Clug, respectfully ask the Commission to review and set aside, in whole or in part, the Initial Decision of Administrative Law Judge Jason S. Patil, as follows:[1]

Initially, I want to direct the Commission's attention to a key finding of ALJ Patil:

> There was no evidence that Clug lived lavishly or spent money recklessly. He appeared to be as a sincere individual who made regrettable decisions, in large part because he attempted to undertake endeavors that he was ill-equipped for. He strove committedly to ensure the businesses succeeded, in order to return money to investors, but was unable to do so. He appears to be a hard-working, generally good person.

Initial Decision at pg. 80.

This finding that I did not have bad intentions is accurate, and the evidence supports it. But it also undermines ALJ Patil's conclusions as to many of the violations he found me to have committed. As discussed below, ALJ Patil applied an erroneous legal standard in reaching

[1] Unfortunately, I am not able to afford to hire an attorney at this time, so I am filing this Petition *pro se*. For the sake of full disclosure, though, I did consult with an attorney, who reviewed and provided some help to me in preparing this Petition.

several of his conclusions, both as to scienter as well as regarding other factors. He also was incorrect in imposing penny stock and industry bars and a cease-and-desist order.

I respectfully request that the Commission review the aspects of the Initial Decision specified below, and vacate the Initial Decision's conclusions that I committed those violations, as well as the penalties imposed. Alternatively, even if the Commission does not see fit to vacate the conclusions that I engaged in the violations, I respectfully request that it set aside the penny stock bar imposed on me, which will cause me and my family continuing and unwarranted hardship, has no connection to alleged violations, and is legally unsupported.[2]

ARGUMENT

Per SEC Rule 410, the specific findings and conclusions of the Initial Decision to which I take exception, together with supporting reasons stated in summary form, are set forth below.

1. The ALJ's Conclusion that I Caused Corsair to Violate and Aided and Abetted Corsair or Crow in Violating Exchange Act Section 15(a).

The Commission should reverse or set aside ALJ Patil's conclusions that I caused Corsair to violate and aided and abetted Corsair in violating Section 15(a)(1) as well as that I aided and abetted Michael Crow in violating Exchange Act Section 15(b)(6)(B).

ALJ Patil erroneously concluded that Corsair violated Exchange Act 15 based on the reasoning that Corsair's entry into an agreement that Corsair quickly abandoned when it was realized that it was problematic, and receipt of commissions for referrals by a non-employee to a

[2] I also continue to assert the constitutional challenges I raised before ALJ Patil, which are incorporated herein by reference. I will not focus on those arguments in this Petition because I recognize that the Commission disagrees with them, and there has not (at least not yet) been a ruling by a court of appeals rejecting the Commission's conclusions. But I mention them here because I want to preserve the arguments so that I can raise them to a court of appeals if I seek further review, and also so that I can raise them to the Commission if an appeals court rules against the Commission's position on the Constitutional issues while this Petition is pending.

financial advisor who was helping us raise capital, standing alone, made Corsair a "broker" under Section 15(a). The SEC later alleged that the financial advisor was engaged in wrongdoing, but there is no evidence we knew about that. In fact, ALJ Patil found that "Clug believed ABS was a legitimate fund, as demonstrated by the fact that he recommended it to his father." Initial Decision at 25.

A "broker" is defined as "any person *engaged in the business* of effecting transactions in securities for the account of others." 15 U.S.C. §78c (emphasis added). "To demonstrate that someone is acting as a broker, the SEC is required to show a regularity of participation in securities transactions 'at key points in the chain of distribution.'" *SEC v. StratoComm Corp.*, 2 F. Supp. 3d 240, 262 (N.D.N.Y. 2014) (quoting *Mass. Fin. Servs, Inc. v. Sec. Investor Prot. Corp.*, 411 F. Supp. 411, 415 (D. Mass. 1976) aff'd, 545 F.2d 754 (1st Cir. 1976)). "[R]egularity of participation is the primary indicia of being 'engaged in the business.'" *SEC v. Kenton Capital, Ltd.*, 69 F. Supp. 2d 1, 12-13 (D.D.C. 1998). "Regularity of participation has been demonstrated by such factors as the dollar amount of securities sold...and the extent to which advertisement and investor solicitation were used..." *Id.* (citations omitted).

Corsair, which was engaged in the business of management consulting, lacked the regularity of participation necessary to be "engaged in the business." In fact, there is no evidence that Corsair, Michael Crow, or I ever referred even one person (other than my father, who was also a client of Lana) to ABS. Corsair merely entered into a referral agreement[3] and received a

[3] The entire relationship with the ABS Fund was developed by Michael Crow. The 'referral' agreement (Div. Ex. 199) was entered into and signed by Michael Crow alone, without my knowledge or involvement (Tr. 1046). Only after the fact did I find out and was asked to assist in doing due diligence and sending invoices, for example. The goal of the relationship, as Michael Crow explained it to me, was to enable investment in Aurum Mining LLC via a supposedly safer

commissions from several transactions by existing clients of Lana. And Lana was *not* an employee of Corsair, so his actions cannot be attributed to Corsair. It is true that he used a Corsair email address at one point, but that did not make him a Corsair employee.[4] At most, Corsair was involved in a few isolated events, not regular participation. In fact, within three months of receiving the first commission, Corsair nullified the agreement that called for it to receive transaction-based commissions.

And aside from the incidents being isolated, according to case law from the courts, even if they had been more frequent, receiving a finder's fee for introducing the parties to a securities transaction does not in itself make one a broker:

> [A] series of cases [have] identified a limited, so-called 'finder's exception' that permits a person or entity to 'perform a narrow scope of activities without triggering the b[r]oker/dealer registration requirements.'... "Merely bringing together the parties to transactions, even those involving the purchase and sale of securities, is not enough" to warrant broker registration under Section 15(a)...Rather, the evidence must demonstrate involvement at "key points in the chain of distribution," such as participating in the negotiation, analyzing the issuer's financial needs, discussing the details of the transaction, and recommending an investment.

SEC v. Kramer, 778 F. Supp. 2d 1320, 1336 (M.D. Fla. 2011) (citations omitted).

Corsair sold no securities. It did no advertising or solicitation of investors. Corsair did not participate in negotiations, which took place directly between ABS and investors. (e.g. Tr. 114, 973). It did not analyze financial needs or discuss the details of any transaction. And Corsair did

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way for investors to invest into a higher risk project, as Investors in the ABS Fund were able to borrow up to 70% of their investment at a relatively low interest rate. (Tr. 844, 1941).

[4] Lana had been having technical difficulties with his email system, and had lost or 'misplaced' many emails, so I told him to use a Corsair Group email that was on a Microsoft Exchange server, thus providing back up and synchronization between his various devices. I never told him to identify himself as CFO.

not provide investment advice. That a management consultant mistakenly entered into an agreement for a side project and received finder's fees for introducing the parties to several transactions did not turn Corsair into a broker.

If Corsair was not a broker, it did not need to register with the Commission, and did not violate Section 15(a) by failing to register. And if Corsair did not violate Section 15(a), then I obviously could not have caused Corsair to violate Section 15(a), or aided and abetted Corsair in violating Section 15(a).

Nor could I have aided and abetted Michael Crow in violating Section 15(b)(6)(B). The ALJ found Crow violated Section 15(b)(6)(B) "by engaging in the conduct with Corsair," and that I "aided and abetted and caused Crow's violations as the other principal of Corsair" because I "should have known that entering into a referral agreement for transaction-based compensation would cause Crow to violate his bar." Initial Decision at 69. If Corsair was not a broker, then Crow did not violate his bar, and I couldn't have aided and abetted him in doing so.

In any event, the ALJ's findings were insufficient to find I aided and abetted or caused Crow to violate his bar in any event. The agreement was entered into by Crow without my knowledge so I certainly didn't cause him to enter into it. According to the case law mentioned above, an agreement to receive a finder's fee, without more, does not make one a broker, so it's unclear why I "should have known" that entering into the agreement would cause Crow to violate his bar. Aiding and abetting requires that: "(1) there is a primary violation; (2) the aider and abettor generally was aware or knew that his or her actions were part of an overall course of conduct that was improper or illegal; and (3) the aider and abettor substantially assisted the primary violation." *Monetta Fin. Servs. v. SEC*, 390 F.3d 952, 956 (7th Cir. 2004) (quotation marks and citations omitted). The ALJ merely found that I "should have known" that Crow was

violating his bar, but did not find that I did anything to substantially assist Crow or that I knew I was part of an improper course of conduct. At all times we had an attorney reviewing our contracts to make sure that we were not part of anything illegal or improper. That is why when the attorney told us we could not receive a commission for referrals, we stopped that arrangement.

2. The ALJ's Imposition of Industry Bars as Sanctions

Under section 16(b)(6)(A), the Commission is empowered to "censure, place limitations on,...suspend for a period not exceeding 12 months, or bar...from being associated with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, or from participating in an offering of penny stock," only a person who "was associated or was seeking to become associated with a broker or dealer, or any person participating, or, at the time of the alleged misconduct, who was participating, in an offering of any penny stock..." 15 U.S.C. § 78o.

ALJ Patil concluded it was appropriate to impose a Penny Stock and Industry Bar on me because I was "associated with Corsair, an unregistered broker." Initial Decision at 70. But because, as discussed above, his conclusion that Corsair was a "broker" was incorrect, it follows that I was not associated with a broker. Nor, as ALJ Patil acknowledges, did I participate in an offering of Penny Stock.

But even if the ALJ had not been incorrect in concluding that Corsair was a "broker," it would be inappropriate to impose a penny stock bar on me because my alleged violations had nothing to do with penny stock, and there is no logical nexus between the conduct I engaged in and penny stock offerings. *See Teicher v. SEC*, 177 F.3d 1016, 1020 (D.C. Cir. 1999).

3. **The ALJ's Conclusion that I Violated Section 17(a) by Instructing Lana to Send the May 2011 Executive Brief to an investor.**

I believe that this violation should be set aside, based on the fact that the Division did not prove that the misstatement in the Executive Brief was material or relied on by any investor. The Division had ample time and opportunity to question investors on this but did not do so and was unable to get any investor to agree that it was material or relied on by any of them.

The Division initially submitted a long list of investors that they planned on questioning during the Hearings. However, after the first few of the investors that they called to the stand did not substantiate their claims they then cancelled calling any more.

The ALJ failed to discuss Section 17(a)(2)'s requirement that a person "obtain money or property" through the allegedly untrue statement. Courts have interpreted this to mean the SEC must prove that the defendant *personally* obtained money or property as a result of the defendant's conduct or role in the alleged fraud. For example, *in SEC v. Syron*, the court applied the ordinary meaning of "obtain" to Section 17(a)(2) to conclude that "to obtain an object is to gain possession of it." *SEC v. Syron*, 934 F. Supp. 2d 609, 638 (S.D.N.Y. 2013). The court found that "the final step, whereby the defendant personally gains money or property from the fraud, is essential," and that the person charged with the violation must have had personal gain from the statement. I did not receive anything as a result of the statement. In fact, I did collect any salary or pay from PanAm Terra at all. I only received reimbursements for pre-paid expenses.

All our documentation was reviewed and approved by our counsel, Robert Brantl, who also did all of our filings. As the ALJ states himself, it was an error in characterization, as opposed to an intentional or reckless act and the Division did not prove that any funds were

received by PanAm Terra as a result of that representation in the executive brief. Again, the Division had ample opportunity to question investors on this but failed to do so.

In addition, Angel Lana was the CFO and thus deeply involved with all the SEC filings and, along with counsel, was also producing and reviewing all these documents.

4. The ALJ's Finding That There Was a Material misrepresentation based on increasing the projected gold yield in the 12/2011 private place memorandum (PPM). The ALJ called that reckless because there had been no new information to lead to increasing projections.

Whenever asked, I provided back up for any and all projections, and the ALJ seemed to agree with this in his Initial Decision. I was never specifically asked about this 'doubling'. How can I now be accused on one data point among so many, without having given me the opportunity to defend myself. This is a failure of the Division not to ask me about this, and the ALJ thus has no back up to, on the one side, state that all other projections were reasonable as they were based on documentation and the company's managers and experts which he agreed we had a right to rely upon, but find me reckless for a single number that I was not even afforded the opportunity to explain. In addition, these same projections were clearly communicated as only projections and, to quote directly from the PPMs: "It should be assumed that these projections WILL NOT be achieved and only a good faith effort on the part of management is expected." The WILL NOT was in CAPS in the original documents.

"Materiality is proved by showing a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the 'total mix' of information made available." *SEC v. Ginsburg*, 362 F.3d 1292, 1302 (11th Cir.

2004). In the context of the other information and communications provided to investors, investors' knowledge of the high risk nature of the investment, the projection did not change the total mix of information. Investors had already been told about these projections.

Again, ALL investors testified that they understood that they were making a risky investment and that they could lose all of their money. To this date, none have filed any complaints, despite all the pressure that both I and the investors have been under during these last few years as a result of this SEC action. The 'doubling' projection was consistent with the nature of an investment in gold mining and was consistent with other PPMs and projections. Again the Division had ample opportunity to question investors on this subject and attempt to get support for their point of view on whether this was material. They failed to do so.

The standard of recklessness applied by the ALJ also was legally incorrect. As courts have explained:

> Reckless conduct may be defined as a highly unreasonable omission, involving not merely simple, or even inexcusable, negligence, but an extreme departure from the standards of ordinary care, and which presents a danger of misleading buyers or sellers that is either known to the defendant or is so obvious the actor must have been aware of it..."reckless" in these circumstances comes closer to being a lesser form of intent than merely a greater degree of ordinary negligence. We perceive it to be not just a difference in degree, but also in kind.

Greebel v. FTP Software, Inc., 194 F.3d 185, 198-99 (1st Cir. 1999) (quoting *Sundstrand Corp. v. Sun Chem. Corp.*, 553 F.2d 1033, 1045 (7th Cir. 1977)).

Contrary to the case law, the ALJ applied a standard of recklessness that was difficult to distinguish from negligence. In view of all of the above, combined with the clear disclaimers and reliance on counsel, among other things, the ALJ applied improper legal standards in evaluating whether I acted recklessly and whether the statement was material.

4. Material misrepresentation based on the 1/12 letter stating that the closing conditions of the 8/2011 PPM had been satisfied.

There was no scienter proved here. There was a reliance on counsel and I agreed directly with the ALJ that it was obviously an error and that the one line stating that 'closing conditions have been met' made no sense and contradicted all other communications we had had including those with Angel and the investors. (Tr. 1668-1670). In fact, Lana was clear in his communications with the investors who were converting under the new PPM, which no longer had those closing conditions, that they could receive their funds back (Resp. Ex. 188a-e, Tr. 103). Although it is no way an excuse, at the time that the new PPM and 'rescission' were being discussed, I was then spending my nights in a hospice taking care of my dying mother and then dealing with the aftermath of my mother's death. I only bring this up to hopefully help the Commission in understanding that I have never intended to mislead any investors and there was no extreme recklessness in my behavior. In a difficult situation, I unfortunately did not catch that apparently erroneous one line in that one document, which was prepared with counsel and all managers, until the Division highlighted it in their filings (Tr. 1668-1670).

The Division again had ample opportunity to ask investors whether they relied on these Closing Conditions being met. They failed to get any supporting statements from Investors (Tr. 105). All investors that were questioned, all accredited, testified that they understood that their investment was very risky and that they could lose all of their investment (Tr. 92, 165, 1988, 1991). Not one investor stated that they felt misled or had relied on these specific lines or wording to make an investment. To this date there has not been one single investor complaint. To

the contrary, they showed support for me throughout this difficult process and I understand that some support letters for me were sent, unsolicited, to the ALJ's office.

5. Material misrepresentation regarding the 1/13 PPM's statement describing gold potential at Molle Huacan without disclosing Park's findings.

The Division is required to "prove" that material representations were made that misled investors. "Moreover, it bears emphasis that] § 10(b) and Rule 10b-5(b) do not create an affirmative duty to disclose any and all material information. Disclosure is required under these provisions only when necessary 'to make . . .statements made, in the light of the circumstances under which they were made, not misleading.'" *Matrixx Initiatives, Inc. v. Siracusano*, 563 U.S. 27, 44 (2011) (quoting 17 CFR § 240.10b-5(b)). The lack of disclosure of Park's findings are not material under the 'total mix' standard in that case.

The ALJ stated in conclusory fashion that the omission was material. But that was insufficient. Again, the Division had ample opportunity to ask investors whether they felt misled or whether that information would have been important to them, but failed to do so and in fact were given the opposite message from them – thus the reason why the Division canceled calling any more investors after the first few were called. And the division did not call an expert to testify about whether mentioning the report in the PPM would have been important to investors.

As I testified, and nothing the Division has shown proves otherwise, the Park findings that the Division refers to were outdated by the time Mr. Park delivered his report over six months after his site visit, were based on only a very small dozen samples (Tr. 532-533, 536), contained errors and losses on another "40 or 44" samples (Tr. 536). Thus, by the time we

received this report, it was outdated, based on too few samples, and it recommended further investment and testing be done. Since we in fact did a lot more investing and testing on the mine since he had visited the mine and his report was, in our judgement at the time, outdated, it might indeed be confusing as a reader might think that since it was dated October 2012, and not April 2012, it might convey a mistaken status of the mine as it actually was in October 2012.

6. The ALJ also seems to imply that the fact that the Park report was not included in the third quarter 2012 update letter directly resulted in at least two additional investments in Aurum.

This is a stretch by any standards. It is also not backed up by any of the investors' testimony, and if, as explained above, the Park reports is not deemed material, then not including the report in the third quarter 2012 update letter cannot be material either. By third quarter of 2012 there had been hundreds of more sampling and metallurgical tests completed and these were all available to investors via the data room. As explained previously, the Park report was based on an extremely small amount of samples taken over six months earlier and it had stated that further exploration would need to be done. That further exploration along with significant related expenditures had been more than accomplished by the time the third quarter 2012 update letter had been shared.

Despite ample opportunity to confirm whether investors thought the Park report was important to them, i.e. material, the Division failed to do so. In fact, investors' response was quite the opposite. (Tr. 170)

7. Material misrepresentation with regard to using the term "inferred reserves" instead of potential in the PPMs.

These are technical terms that mean similar things to a layperson investor and therefore were not material. Again, the Division had ample opportunity to ask investors whether they felt misled by these terms during the hearings but failed to do so and in fact were given the opposite message – thus the reason why the Division canceled calling any more investors after the first few were called. The Division had even met with all their witnesses days or weeks prior to calling them to the stand and thus had ample opportunity to get these specific topics covered during questioning. (Tr. 85, 135).

The ALJ stated that "the precise meaning of potential, reserves, and resources may have escaped Crow and Clug, and may not have actually mattered a great deal to the testifying investors, a reasonable investor in a gold mining operation would want to know that the gold in question was more than notional potential." It appears to be quite a jump to make such a judgement on what 'a reasonable investor' would think when the actual investors testimony said it was not material to them. It is also a jump to reach the opinion of recklessness. Also as a note, the managers, engineers, geologists and metallurgists, people that the ALJ agrees I had a right to rely on, did sometimes use the word 'reserves' or economic potential in their reports (e.g. Resp. Ex. 68b, 95, 71b).

8. Material misrepresentation/omission with regard to failing to disclose Crow's prior securities law violations from May to December 2011.

I believe the ALJ's finding that I acted recklessly with regard to this omission again applied an incorrect standard. There was no evidence of I consciously disregarding a known risk. That is evidenced by the fact that when I did become conscious of the omission, it was quickly corrected in subsequent materials. As with the other documents, I consulted with and relied on counsel throughout the production of all these documents. In addition, it should be noted that after Crow's past violations were communicated to investors, no one complained, and in fact many made further investments.

9. The ALJ wrote: "On May 16, 2012, Clug emailed Luna and copied Crow, writing with regards to the copper results that Cobre Sur "[l]ooks like a write off!" and that it was "[n]o surprise based on our sampling." Div. Ex. 384; *see also* Div. Ex. 382 (May 15, 2012, email stating that Cobre Sur "may be a complete write-off!"). Less than two hours later, Clug solicited an investor using the December 2011 PPM and the May version of the 1st Quarter 2012 update letter containing positive projections on Cobre Sur."

The email to an investor was a message I sent to a good friend of mine, a sophisticated entrepreneur as well, discussing the possibility of joining a board of advisors and investing. It was simply a way to open up a discussion by sending him the latest offering documents that we had available. The documents contained a great deal of information, including links to the data room where original sampling test results, maps, reports, etc. etc. were available to any investor. He did not invest. I do not believe that this shows severe recklessness or any intent to mislead

nor was any damage done as he did not invest. The next communication to investors which was the second quarter 2012 update (Resp. Ex. 29), which again is not an offering document, informed the investors that Cobre Sur did not work out. This again demonstrates that there was no intent to mislead as we did communicate bad news, not just positive things. As another example of sharing negative, not just positive news, is that we had also informed our investors that the Brazil project was having issues via our first quarter 2012 update (Resp. Ex. 28). The Brazil project was basically on a stand-still sometime in the second quarter of 2012.

10. The ALJ stated that "a material misrepresentation occurred later regarding the preconditions allowing the triggering of the conversion option, namely, when "the financing and closing of the acquisition on the land and rights for gold deal known as Baltalha [sic] event" occurred. Div. Ex. 51 at 1. Aurum represented that it had "[c]losed on acquiring the 50% interest in Batalha".

This does not make sense since in the preceding paragraph the ALJ stated that "I do not find a material misrepresentation in the language that Aurum "will have a 49% interest in the JV that owns the land and rights to the gold property" because, at the time the term sheet was issued, it was the intent to obtain the rights to the gold property to the extent permitted by Brazilian law. *Id.* at 1."

In fact upon signing the JV agreement dated December 2011 (Resp. Ex. 18), Aurum would indeed own 50% of Batalha. (Resp. Ex. 18, p2). The 49% interest that the ALJ referred to above is simply based on a prior similar JV agreement dated September 2011 (Resp. Ex. 19) and which the December 2011 JV agreement replaced.

11. The ALJ also stated that Under the Notes, investors could receive principal plus interest at maturity nine months later, in spring 2012. Div. Ex. 51 at 1. However, the term sheet also provided that upon the triggering event, "the principal and all accrued but unpaid interest may be converted, at the election of the Holder, into ... [Aurum Mining] LLC units at the offering price contained herein less a 50% discount." *Id.* By those terms, because the land and rights for Batalha were never obtained, the conversion option was unavailable.

It is incorrect to state that the Note Holders did not have a conversion option.

The "Term Sheet" that the ALJ refers to was not used for Investors' investments, and in any case, it stated that it was only 'proposed' and also stated the following at the bottom in bold: "This Term Sheet is not an offer to Purchase Securities and any such offer will only be made by the subscription agreement and associated memorandum." (Div. Ex. 51)

The actual wording in the executed Notes stated as follows: "...shall be due and payable on '*date*' or, *if converted at Holder's choice prior to such date....*". In italics for emphasis.

Note Holders thus did have a conversion option independent of closing conditions or anything else. (Resp. Ex. 14)

12. The ALJ wrote: "...Crow and Clug would likely engage in activities that would present opportunities for future violations. Evidencing this risk, in June 2015, 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. Div. Ex. 737. Such statements give me considerable concern for their future actions."

I believe that this is not the case for me and a total mischaracterization of the statement in that letter. As this relates to a Cease and Desist recommendation and industry bars:

> 'The ultimate test' " of whether an injunction should issue " 'is whether the defendant's past conduct indicates... that there is a reasonable likelihood of further violations in the future.' " *SEC v. Savoy Indus.*, 587 F.2d 1149, 1168 (D.C. Cir. 1978) (quoting *SEC v. Commonwealth Chem. Securities, Inc.*, 574 F.2d 90, 99-100 (2d Cir. 1978)) (emphasis in original), cert. denied, 440 U.S. 913 (1979). There must be "some cognizable danger of recurrent violation, something more than the mere possibility which serves to keep the case alive." *United States v. W.T. Grant Co.*, 345 U.S. 629, 633 (1953). The relevant factors we consider when assessing the likelihood of recurrent violation include "whether a defendant's violation was isolated or part of a pattern, whether the violation was flagrant and deliberate or merely technical in nature, and whether the defendant's business will present opportunities to violate the law in the future." SEC v. First City Fin. Corp., 890 F.2d 1215, 1228 (D.C. Cir. 1989). Injunctive relief is reserved for willful lawbreakers or those whose operations are so extremely or persistently sloppy as to pose a continuing danger to the investing public.

SEC v. Steadman, 967 F.2d 636, 647-48 (1992).

I voluntarily abided by a proposed cease and desist order from the day it was filed by the Division, although investors pressured me to find more funds to keep Aurum Mining LLC going primarily via its Alta Gold mine. I instead invested my meagre savings to keep the business going in the hope of packaging it enough to be able to sell it or 'merge' it and thus get some money back to investors. I obtained a NI-43101 standard mining report showing that there was indeed potential gold at the Alta Gold mine. I demonstrated my abidance to a recommendation, voluntarily, of a cease & desist by the Division and continued, via my own work and investments, to work for the investors and get a return to those investors. I do not see how this shows any bad faith or should give anyone concern for my future actions.

13. The ALJ states that "in February 2014, Aurum investors learned that Crow had been working on developing a mineral processing plant in Peru independent of Aurum Mining and were upset because that plant would compete with Aurum. Div. Ex. 633; Div. Ex. 635 at 1; Div. Ex. 642 at 1."

What the ALJ fails to mention is that it was I that informed investors of Crow's competitive plant and led the work with investors to remove him from Aurum Mining LLC and remove him from any and all managerial duties (Tr. 1562). At the same time, I also ensured that the consulting contracts between Corsair and Aurum were cancelled, stopping any potential payments to me in the process. I hope that the Commission sees this as my continuing effort to always do the right thing by investors.

I understand that Bars are recommended by the Division when there exists a risk that the respondent might be at risk to repeat past infractions. I humbly submit that this is not the case for me. I have served my country with honor and have spent my life doing my best to live up to my alma maters moto of Duty, Honor, Country. I still have sleepless nights distraught about the loss that our investors have taken, even though they were all deemed Accredited. In the ALJ's own opinion: "there was no evidence that Clug lived lavishly or spent money recklessly. He appeared to be as a sincere individual who made regrettable decisions, in large part because he attempted to undertake endeavors that he was ill-equipped for. He strove committedly to ensure the businesses succeeded, in order to return money to investors, but was unable to do so. He appears to be a hard-working, generally good person." There was not one investor complaint and, to the contrary, I understand that several support letters were sent, unsolicited, to the ALJ's office.

My family and I have suffered greatly over the last few years since this process began as we tried to scrape enough funds together to hire counsel and, to this day, with this SEC issue

hanging over me. I have been unable to find any employment. I have thus been barely able to support my family and have most definitely felt the consequences of my actions.

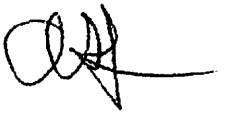
I deeply regret the many mistakes I have made and hope to never make them again. I have learned a great deal through this entire process with the SEC and am much clearer now on what can and can't be done. I understand now more than ever the utter importance of clarity and transparency and partnering with persons of high integrity and similar ethical standards.

I thus respectfully submit that I am not a menace to society and that the life time bars proposed by the ALJ are not commensurate with my past, current, or potential future behavior. I also could not afford to hire counsel to represent me for this appeal and I respectfully ask for the Commission's patience and understanding for any mistakes and procedural errors I have surely committed in composing this appeal.

For the foregoing reasons, the Commission should grant this petition for review.

Dated: February 29, 2016

Respectfully submitted,



By:_____

Alexandre S. Clug

CERTIFICATE OF SERVICE

I hereby certify that on February 29, 2016, I served a copy of this Petition by mail to the Commission's Secretary, Office of Administrative Law Judges, U.S. Securities and

Exchange Commission. 100 F Street, NE. Mail Stop 1090. Washington, DC 20549, and a true and correct copy of the foregoing was furnished via Electronic Delivery to:

Office of the Administrative Law Judges at alj@sec.gov
Honorable Judge Jason S. Patil at PatilJ@sec.gov
David Stoelting at StoeltingD@sec.gov

Fax

To: Secretary of the Securities Exchange Commission	**From:** Alexandre Clug
Fax: [redacted]	**Pages:** 1 of 21
Phone:	**Date:** Feb 29, 2016
Re: Petition for review, File No. 3-16318	**cc:**

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