

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.

REPLY OF DIVISION OF  
ENFORCEMENT

Pursuant to the Court's Notice to the Parties and Order Following Remand dated December 6, 2017 and Order Regarding Inability to Pay Evidence dated January 12, 2018, the Division of Enforcement respectfully submits this Reply to Respondent Alexandre S. Clug ("Clug")'s Response ("Clug Response") to the Division's Submission of New Evidence.

**Clug's Concealment of His Acquisition of [REDACTED]**

**Was A Material Omission**

Clug's arguments regarding his failure to disclose his acquisition of [REDACTED] [REDACTED] to the Court are entirely specious and should be rejected. First, Clug claims that disclosure of [REDACTED] was not warranted because it was not [REDACTED] and thus had no material effect on his and his wife's financial condition. Clug Response, at p. 2. This claim sharply contradicts his own assertion that the acquisition of [REDACTED] [REDACTED] and that [REDACTED] [REDACTED] Id. Moreover, as demonstrated in the Division's Brief dated January 5, 2018 ("Div.

Brief”), Clug’s acquisition of [REDACTED] was highly material and should have been disclosed. Div. Brief, at p. 5-6.

Rather than take responsibility for his failure to apprise the Court of his acquisition of [REDACTED], Clug attributes any failure on his part to ignorance of the law and lack of legal representation. To the contrary, Clug was well aware of the fact that the Court was relying on full disclosure of all his assets to determine his ability to pay a judgment and that he had acquired [REDACTED] prior to the Court’s determination of his ability to pay. Moreover, Clug was represented by counsel, Mr. Mark D. Perry, up until February 10, 2016 when Mr. Perry filed his notice of withdrawal. Clug was already [REDACTED] [REDACTED] Id., at p. 5. Thus, Clug had more than ample time to consult with Mr. Perry regarding the need for disclosure of his acquisition of [REDACTED] to the Court. The fact that he concealed the transaction prior to the Court’s initial decision and made no mention of it in his appeal to the Commission demonstrates bad-faith and an intent to deceive. See SEC v. Smith et al., 710 F. 3d 87, 98 (2<sup>nd</sup> Cir. 2013) (upholding the district court’s finding that the defendant acted in bad faith in not revealing her interest in a trust and affirming the district court’s imposition of sanctions and disgorgement).

**Clug’s “Updated” Financial Statement Contains**

**False and Misleading Information**

Rule 630(b) provides that a sworn financial statement “shall show the respondent’s assets, liabilities, income or other funds received and expenses or other payments” and that such financial statement be kept current. 17 C.F.R. § 201.630(b). [REDACTED]  
[REDACTED]

[REDACTED]

[REDACTED] Declaration of Ibrahim Bah (“Bah Decl.”), at ¶ 5. [REDACTED]

[REDACTED] Clug Response, at p. 4. This is false. [REDACTED]

[REDACTED] Bah Decl., at ¶ 6. [REDACTED]

[REDACTED] See Id., at ¶¶ 6-7. [REDACTED]

[REDACTED] Id., at ¶ 11. [REDACTED]

[REDACTED] See Id., at ¶¶ 6, 12. Moreover, Clug omitted the fact that, as of July 2017, [REDACTED]

<sup>1</sup> In this reply, all figures containing cents have been rounded to the nearest whole dollar amount.

[REDACTED]

[REDACTED] Id., at ¶¶ 8-10.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Id., at ¶¶ 14, 20. [REDACTED]

[REDACTED]

[REDACTED] Id., at ¶ 16-18. [REDACTED]

[REDACTED]

[REDACTED] Id., at ¶ 15. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Id., at ¶ 20. This information is critical in determining whether

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Id., at ¶ 21.

Third, although Clug claims that [REDACTED]

[REDACTED]

[REDACTED] the Division believes that the Court should consider [REDACTED]

[REDACTED] in

making a determination about Clug's ability to pay. There is a fair chance that Clug would be

able to [REDACTED].<sup>2</sup> Item E.16 of Form D-A states: “If you anticipate any unusual income in the coming 12 months, please explain.” 17 C.F.R. §209.1. This provision indicates that potential income anticipated within 12 months, such as [REDACTED], should be considered. See also, In The Matter of Robert L. Burns, AP File No. 3-12978, Advisers Act. Rel. No. 3260, 2011 WL 3407859, at \*12 (Aug. 5, 2011) (Commission found that Burn’s intention of re-entering the securities industry indicated “that Burns may soon have an income stream that would further improve his financial condition.”). Clug’s failure to incorporate [REDACTED] further demonstrates his abiding commitment to avoid paying any monetary judgment.

**Clug’s Lifestyle Demonstrates He Has Ability to Pay**

A review of Clug’s [REDACTED] indicates that, [REDACTED] Clug [REDACTED] is more than capable of paying full disgorgement and a civil penalty. The records show that Clug made no attempt to [REDACTED] improve his financial situation. Instead, Clug continued to [REDACTED] [REDACTED] Bah Decl., at ¶¶ 24-28.

In In the Matter of Russell C. Schalk, Jr., AP File No. 3-16498, Exch. Act. Rel. No. 34-78898, 2016 WL 5219501 (Sep. 21, 2016), the Commission considered the respondent’s ability

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<sup>2</sup> Although Clug claimed [REDACTED]

to pay disgorgement of \$1,472,959, prejudgment interest of \$280,271.55, and a third tier civil penalty of \$1,600,000. Schalk argued that he was unable to pay and submitted sworn financial statements showing that he earned \$65,000 annually with \$24,331 in commissions and that his liabilities exceeded his assets by \$200,000. Id., at \*4-5. However, the Commission found, among other things, that some of Schalk's credit card debt included "charges beyond ordinary, day-to-day living expenses, such as thousands of dollars spent at Pimlico Race Course." Id., at \*3. The Commission ruled that "such debts should not be considered in evaluating a respondent's ability to pay disgorgement to harmed investors, prejudgment interest, and civil money penalties." Id. The Commission further found that "[a]lthough Schalk's liabilities may currently exceed his assets [by nearly \$200,000], we believe that his future income, including the likelihood of earning commissions in addition to his \$65,000 annual salary, and adjustments to his spending habits would enable him to make the \$20,000 payments on an annual basis." Id., at \*5.

Similarly here, Clug's [REDACTED]

[REDACTED] Bah Decl., at ¶¶ 24-28. The fact that Clug and his wife [REDACTED] demonstrates a significant improvement in Clug's financial condition. Id., at ¶¶ 25-26. In addition, the fact that Clug acquired a [REDACTED], less than a month from his testimony about his inability to pay, when he could have [REDACTED], demonstrates he was in a sound financial condition and had no concerns about making ends meet when he initially claimed he was destitute. Id., at ¶ 28. Furthermore, Clug reported [REDACTED] compared to Schalk's \$200,000 net

liability. Moreover, Clug's [REDACTED] far outstrip Schalk's earning capacity. Thus, the Division believes that Clug is more than capable of satisfying his monetary judgment without undue hardship.

**Conclusion**

Based on the new evidence submitted by the Division, Clug's demonstrable lack of credibility and candor in his disclosures to the Court, and consistent with the Commission's rulings and findings in Schalk and Burns, the Division of Enforcement respectfully requests that the Court, withdraw its finding that Clug had established an inability to pay, and order that Clug pay disgorgement of \$406,591.51, plus prejudgment interest, and impose a civil penalty.

Dated:           New York, NY  
                  February 26, 2018

Respectfully submitted,

DIVISION OF ENFORCEMENT

*/s David Stoelting*

David Stoelting

Ibrahim Bah

Securities and Exchange Commission

200 Vesey Street, Suite 400

Brookfield Place

New York, NY 10281-1022

(212) 336-0174 (Stoelting)

(212) 336-0418 (Bah)

**DECLARATION OF IBRAHIM BAH**

I, Ibrahim Bah, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am an attorney admitted to the bar of the States of New York and New Jersey, and am co-counsel to the Division of Enforcement in the *Matter of Michael Crow et al.*, File No. 3-16318.

2. I make this declaration in support of the Division’s reply to Respondent Alexandre S. Clug (“Clug”)’s response (“Clug Response”) to the Division’s Submission of New Evidence pursuant to the Court’s Notice to the Parties and Order Following Remand dated December 6, 2017 and Order Regarding Inability to Pay Evidence dated January 12, 2018.

3. In addition to the Clug Response, I reviewed Clug’s [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] I also reviewed public filings of [REDACTED]  
[REDACTED]  
[REDACTED], a copy of which is hereto attached as Exhibit A; [REDACTED]  
[REDACTED], a copy of which is hereto attached as Exhibit B; and  
[REDACTED], a copy of which is  
hereto attached as Exhibit C.<sup>1</sup>

Clug’s [REDACTED]

4. Clug did not identify [REDACTED]  
[REDACTED]

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<sup>1</sup> See [REDACTED]  
[REDACTED]



[REDACTED] Clug Response, at p. 4.

However, Clug submitted [REDACTED].

5. [REDACTED]

[REDACTED]

[REDACTED] Ex. C, at cover page (1 of 17).<sup>2</sup> [REDACTED]

[REDACTED] Id., at p. 5 (6 of 17). Clug [REDACTED]

[REDACTED] Ex. B, at p. 1.

Clug [REDACTED]

[REDACTED] Id.; Ex. A, at p. 38 (46 of 82). [REDACTED]

[REDACTED] Ex. B, at p. 3.

6. [REDACTED]

[REDACTED] Id., at p. 7; Ex. C, at p. 10 (11 of 17). [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Ex. B, at p. 7; Ex. C, at p. 10 (11 of 17). [REDACTED]

[REDACTED] Ex. B, at p. 7.

7. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Id.; Ex. C, at p. 10 (11 of 17).

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<sup>2</sup> For ease of reference, the citation to the page numbers in Exhibits A and C also includes the page numbers indicated on the top right corner of each page as “Page \_\_ of \_\_” in parenthesis after the actual page number on the document. The actual page numbers in Exhibit B correspond to the page number on the top right corner.

8. [REDACTED]

Ex. A, at p. 45 (55 of 82). [REDACTED]

[REDACTED]

[REDACTED] Id.

9. [REDACTED]

[REDACTED]

Id., at cover page (3 of 82).

10. [REDACTED]

[REDACTED]

[REDACTED] Ex. C, at p. 8 (9 of 17). [REDACTED]

[REDACTED] Id.

11. [REDACTED]

[REDACTED]

[REDACTED] Ex. B, at p. 7.

[REDACTED]

[REDACTED] Id.

12. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The [REDACTED]

13. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

14. [REDACTED]  
[REDACTED]  
[REDACTED]<sup>3</sup>

15. However, my review of [REDACTED]  
[REDACTED] [REDACTED]<sup>4</sup> [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

16. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

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<sup>3</sup> In this declaration, all figures containing cents have been rounded to the nearest whole dollar amount.

<sup>4</sup> [REDACTED]  
[REDACTED]

[REDACTED]

[REDACTED]

17. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

18. [REDACTED]

[REDACTED]

[REDACTED]

The [REDACTED]

19. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

20. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

21. [REDACTED]

22. [REDACTED]

The [REDACTED]

23. [REDACTED]

24. [REDACTED]

25. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].<sup>5</sup>

26. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Ex. A, at p. 20 (24 of 82). [REDACTED]

[REDACTED]

27. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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<sup>5</sup> [REDACTED]

[REDACTED]

<sup>6</sup> [REDACTED]

[REDACTED]

**Clug's** [REDACTED]

28. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

29. Below is the list of exhibits attached to this declaration, each of which is a true and correct copy of the document described:

<b>Exhibit No.</b>	<b>Description</b>
A	Copy of [REDACTED] [REDACTED]
B	Copy of [REDACTED] [REDACTED]
C	Copy of [REDACTED] [REDACTED]

Upon information and belief, I declare under penalty of perjury that the foregoing is true and correct.

Executed: New York, New York  
February 26, 2018

s/ Ibrahim Bah  
Ibrahim Bah

# EXHIBIT A



**REDACTED**

# EXHIBIT B

**REDACTED**

# EXHIBIT C

**REDACTED**

**CERTIFICATE OF SERVICE**

Pursuant to Rule 151(d) of the Commission's Rules of Practice, I, Ibrahim Bah, hereby certify that on February 26, 2018, I caused the following documents:

- Division of Enforcement's Reply;
- Declaration of Ibrahim Bah; and
- Certificate of Service.

To be sent by UPS Overnight Delivery to:

Office of the Secretary (redacted original plus three copies)  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549

And by email to:

The Honorable Jason S. Patil (unredacted and redacted versions) at [alj@sec.gov](mailto:alj@sec.gov);

Alexandre S. Clug, Pro Se (unredacted version), via email at [aclug@thecorsairgroup.com](mailto:aclug@thecorsairgroup.com) and [aclug@thedolphingroupllc.com](mailto:aclug@thedolphingroupllc.com) and via mail at 150 Waters Edge Drive, Jupiter, FL 33477 and 262 Fortuna Drive, Palm Beach Gardens, FL 33410

Michael W. Crow, Pro Se (redacted version) at [REDACTED]@gmail.com.

Dated: February 26, 2018  
New York, New York

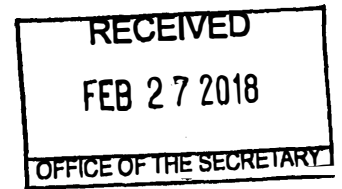
Respectfully submitted,

DIVISION OF ENFORCEMENT

/s Ibrahim Bah  
Ibrahim Bah - (212) 336-0418  
SECURITIES AND EXCHANGE COMMISSION  
New York Regional Office  
200 Vesey Street, Suite 400  
New York, NY 10281



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
New York Regional Office  
Brookfield Place, 200 Vesey St., Suite 400  
New York, NY 10281



DIVISION OF  
ENFORCEMENT

Ibrahim Bah  
Senior Counsel  
(212) 336-0418 (direct)  
(212) 336-1348 (fax)

February 26, 2018

**BY EMAIL/UPS**

Office of the Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Mail Stop 1090  
Washington, DC 20549

**Re: Matter of Michael W. Crow, et al., File No. 3-16318**

Dear Sir/Madam:

Enclosed are the original and three copies of the following documents for filing in the above-referenced matter. Per Judge Patil's order, we are submitting redacted versions of the filings for posting on the public docket. Unredacted copies are being served on the Judge Patil and Respondent Alexandre S. Clug.

- Division of Enforcement's Reply;
- Declaration of Ibrahim Bah; and
- Certificate of Service.

Respectfully submitted,

/s  
Ibrahim Bah

Encl.

cc: The Honorable Jason S. Patil (redacted and unredacted copies), via email at [alj@sec.gov](mailto:alj@sec.gov)

Alexandre S. Clug, pro se, (unredacted copies), via email at [aclug@thecorsairgroup.com](mailto:aclug@thecorsairgroup.com) and [aclug@thedolphingroupllc.com](mailto:aclug@thedolphingroupllc.com) and via mail at 150 Waters Edge Drive, Jupiter, FL 33477 and 262 Fortuna Drive, Palm Beach Gardens, FL 33410

Michael W. Crow, pro se, (redacted copies), via email at [REDACTED]@gmail.com.