UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
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DIVISION OF
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October 20, 2015

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 materials for filing in the above-referenced matter:

1. 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;
2. Division of Enforcement's Responses and Counterstatements to the Proposed Findings of Fact and Conclusions of Law of Respondent Michael Crow; and
3. Division of Enforcement's Post-Hearing Reply Brief.

Respectfully submitted,

/s
Ibrahim Bah

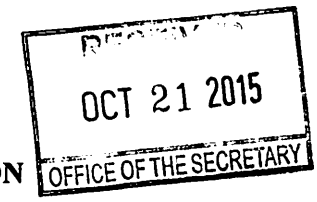
Encl.

cc: The Honorable Jason S. Patil, via email at alj@sec.gov

Mark C. Perry (counsel for Respondents Alexandre S. Clug, Aurum Mining, LLC, PanAm Terra, Inc., and The Corsair Group, Inc.), via email at mark@markperrylaw.com.

Michael W. Crow (pro se), w/o enclosures, via email at [redacted]

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 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

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Dated: October 20, 2015

PanAm Terra

A. Lana was qualified to be a CFO and performed CFO duties:

1. Lana: Page 940, line 10-22. Lana has public filings and audit work experience thus qualifying him for role of CFO.

Division Counterstatement: Lana's solo practice was preparing tax returns. Div. FOF 32. Prior to PanAm Terra, Lana had never been CFO of any public or private company and had never worked in the finance department of any company. Div. FOF 36. Crow and Clug also strictly limited Lana's functions as CFO: Lana had no control over Aurum's bank accounts, and no authority to pay debts or invoices. Div. FOF 41-42.[1]

2. Lana's role at PanAm was not solely to raise funds as claimed by the Division. Lana was also responsible for all of the company's filings, financial statements, audits, working with counsel etc. Ross, Page 1630, line 1-6.

Division Counterstatement: Lana's primary utility to Crow and Clug was raising funds for PanAm and Aurum. Although Crow and Clug held themselves out as experienced financial professionals and had grandiose hopes, they were largely unsuccessful in bringing in investors (apart from Cody Price and Arnold Ferolito, a Clug family friend). Crow's predictions in 2010 that, through his network of contacts, he would raise tens of millions of dollars proved utterly false. Div. Ex. 47-48. (June 2011 email exchange between Crow and Clug listing their potential funders, none of whom invested). In emails, Crow often portrayed himself as having high-level contacts in the financial world. Div. Ex. 398 (5.31.12 Crow to Ross email: "I had a meeting with chinese group that has 500mm USD fund for mining and buying gold"); Div. Ex. 446 (7.30.12 Crow to Mooney, cc Clug, email: "I sat next to frank Harrison III on plane to Cabo from Dallas. Beechwood capital. Billion dollar no leverage real estate private company. . . . Likes my farmland and gold play").

Since their own contacts, for the most part, did not pan out, Crow and Clug had to depend on Lana, who knew nothing about mining, geology or farmland. Div. FOF 38. Lana also had never even given anyone investment advice before 2010. Div. FOF 46. And while Crow and Clug expected Lana to somehow prepare and file PanAm's public filings – a task for which Lana had no training, background or support – and they were both highly critical of Lana when he was late with the filings. Div. FOF 427.

3. Lana was compensated for his work at PanAm (with equity). Resp. Ex. 133.

Division Response: Pursuant to a Compensation Agreement, Lana received 750,000 restricted

[1] "Div. FOF" refers to Division's Findings of Fact submitted on September 3, 2015. "Div. COL" refers to Division's Conclusions of Law submitted on September 3, 2015.

shares of restricted shares of PanAm, which was given in compensation for his services in 2011. Div. FOF 407 (Compensation Agreement). Lana never received any monetary compensation from PanAm. Div. FOF 406.

B. The PanAm Board of Directors - Gewanter, Mooney, Clug and Ross were not controlled by Crow:

4. Ross and Clug knew each other years before PanAm. Ross, Page 1622, line 5.

Division Response: No dispute.

5. Clug recruited Gewanter, someone not known to Crow, to become a Director of PanAm. Page 1825, line 17-19. Resp. Ex. 131.

Division Response: No dispute.

6. Crow recommended potential Directors for the Board to Clug but Clug did not necessarily choose those recommended. Clug, Page 2083, line 17.

Division Counterstatement: Crow and Clug collaborated on the selection of PanAm's two "independent" directors. Div. Ex. 30 (12.1.10 Clug to Crow email re upcoming phone call, listing "[PanAm] board and timing" as agenda item); Div. Ex. 27 (11.12.10 Crow to Najor email re "board seat . . . do you really want to be involved in pan Am terra?").

7. Gewanter knew and understood that Crow was a consultant to PanAm. Gewanter, Page 1829, line 10.

Division Counterstatement: Crow and Clug concealed Crow's role with PanAm from Gewanter. As a result, Gewanter knew only that Corsair had "a modest consultancy" with PanAm. Div. FOF 450. Gewanter did not know many critical facts regarding Crow's background or involvement with PanAm, including Crow's bankruptcy and officer-and-director bar; that Crow billed expenses to PanAm; and that Crow was involved in hiring Ross. Div. FOF 446-449, 451-452.

8. Gewanter was informed that Crow was a consultant. Div. Ex. 454 – Crow emails Mooney, Ross, and Gewanter and states: "When you need input from us/me at Corsair please let me know so we can fulfill our obligations under the consulting contract. For Board only matters please just include Alex on any emails."

Division Response: Div. Ex. 454, an email from Crow to Mooney, Gewanter, Ross, with Clug cc'd, is an example of Crow seeking to portray himself as merely an outside consultant to the two "independent directors." Div. Ex. 454 at 1. Notably, after Crow sent this self-serving email, Ross responded directly to Crow, without copying the Gewanter and Mooney, to tell Crow that "I still need support from Alex/you. . . . there is still a lot to do to build a presentation, model expected returns and investor expectations, negotiate local relationships, follow up on funding term sheets, identify and close the equity round, complete the public filings, etc." *Id.*

9. Clug went to Uruguay with Ross to introduce Ross to his contacts and relationships.

   Crow did not go on any of Clug or Ross' PanAm trips. Ross, Page 1625, line 22-25.

Division Counterstatement: Crow and Clug travelled to Brazil and Argentina on behalf of PanAm. Resp. Ans. ¶21; Div. Ex. 35-3 (01.30.11 Crow to Julio Bestani, Clug email: "I am travelling with my business partner to Brazil and the Buenos Aires and will be there from Feb. 9-14.....Our farmland investment company is at www.panamterra.com") _____.

10. After Crow introduced Ross to Mickelson, Ross took the lead in that relationship. Page

    1625, line 4.

Division Counterstatement: As shown by numerous emails, Crow took the lead at all stages of the negotiations with Mickelson. Div. FOF 415-419.

11. Gewanter testified that Crow did not participate in any Board Meetings nor "participate in

    any decisions whatsoever". Page 1829, line 15-19.

Division Counterstatement: Gewanter's testimony regarding Crow's role merely serves to underscore that Crow and Clug kept Gewanter in the dark regarding Crow's actual role. This was not too difficult because there is little evidence of Gewanter, who lived in the England, ever doing anything as a PanAm director other than attending one board meeting in Miami in July 2012.

Gewanter's testimony also showed his bias against the Division and his interest in self-promotion. For example, Gewanter opined that the SEC was "actually harming investors by pressuring PanAm to close," Tr. 1834:13-15, and used his testimony as an opportunity to offer baseless opinions about this case and to promote himself. At the close of his hearing testimony, Gewanter launched into an unprompted digression in which he bragged is "well known in the city of London" and that "I'm well known in the national and international media" (Tr. 1842:25-1843:20). Gewanter omits any reference to PanAm from his CV. Resp. Ex. 192.

12. Gewanter testified that Crow gave a factual presentation to the Board and did not try to

    influence any member of the Board. Gewanter, Page 1829, line 15 to Page 1830, line 5.

Division Counterstatement: Gewanter's testimony that Crow "didn't try to influence any member of the board at any time" (Tr. 1829:20-25) should be given little weight. As noted above, Gewanter knew nothing about Crow's actual role at PanAm. *See* Div. Counterstatements to Clug FOF 7, 11.

13. Lana, the active CFO of PanAm, testified, Page 876, line 9-10, that he believed Crow to be "... just a consultant to the company."

Division Response: No dispute that Lana gave this testimony.

14. Lana was aware of Crow's SEC ban on being an officer, director of a public company and also testified that he never saw Crow "act in any capacity as an officer or Director of PanAm Terra.". Page 987, line 5-13.

Division Response: No dispute that Lana gave this testimony.

15. Lana also testified that with regards to Crow and PanAm, "I just didn't think he had a significant role in the company. I didn't really deal with him much." Lana Page 879, line 5-7.

Division Response: No dispute that Lana gave this testimony.

16. PanAm was controlled by Clug. Crow never had any shareholding above 4.99%, even when the company was only a 'shell'. Resp. Ex. 84, page 21. (Form 10-12G)

Division Counterstatement: Crow and Clug controlled PanAm during all relevant periods. Div. FOF 402-493. And upon Crow's conversion of his $25,000 Convertible Note, he controlled 2,408,487 shares, or 28.4% of PanAm's outstanding shares. Div. Ex. 835 at 55 (Form 10-K for 12/31/2011); Div. FOF 485.

17. Crow made several suggestions to Clug on how to clean up PanAm but Clug made the decisions on how best to move forward.

    a. For example, in Div. Ex 19. email: Crow suggests to Clug taking the shell thru bankruptcy and then a Form 10. Clug ignored his recommendations and did not use a bankruptcy.

Division Counterstatement: Far from showing that "Clug ignored [Crow's]

recommendations," Div. Ex. 19 is an example of Crow calling the shots and Clug following orders. In this email, Crow is looking for a way to cheaply transform Ascentia, the corporate shell Crow controlled, into PanAm, despite all of Ascentia's debts and liabilities. Crow told Clug to find a bankruptcy lawyer, and Clug asked "where would you recommend looking?" Crow then told Clug to "just google" and that "we want cheapest guy, not the best." Crow then emphasized the ultimate goal: "[a] new form 10 very clean." Clug responded "OK" and then posed another question to Crow about the "costs and benefits" of bankruptcy versus paying Ascentia's debts. Div. Ex 19. Although PanAm did not file for bankruptcy, this email does not show that "Clug ignored [Crow's] recommendations." Instead, it shows that Clug – who Crow saw as his "right-hand man" (Div. FOF 23) – operated as Crow's subordinate.

18. Board of Directors Director Chad Mooney (Resp. Ex. 130) testified that Crow (Resp. Ex. 160) was never in any way a control person:

a. I attended meetings of the Board of Directors and Michael Crow did not participate in any of the meetings.

b. At no time while I was a director or to my knowledge, did Michael Crow ever direct me to make or not make any corporate decisions for PanAm, and at no

time did I ever witness any activity or conduct of Michael Crow that demonstrated that he was an officer, director or control person of PanAm.

c. At no time while I was a director or to my knowledge was I aware that Michael Crow prepared any quarterly or annual filings for PanAm with the Securities and Exchange Commission or assisted in the preparation of these filings or any filings with the SEC.

d. To my knowledge, Michael Crow did not perform any service for PanAm other than that of a consultant through Corsair.

Division Counterstatement: Mooney was not subject to cross-examination; therefore, his declaration should be given little weight. In any event, Mooney's emails show that he was well aware of Crow's prominent role in PanAm and is biased in favor of Crow. Mooney was effusive in his praise for Crow at the time Crow solicited him for PanAm's board, writing in an email to Clug that "michael is a visionary . . . michael has been speaking to me for some time re

Pan Am Terra." Div. Ex. 741. In early 2013, Crow also advised Mooney regarding board matters, complaining to Mooney that the "[c]urrent path of Pan am makes little sense." Div. Ex. 558 at 2. In July 2012, Mooney wrote to Crow that it was "great to be in business with you Michael. I wish that I could do more for you" and "anything that helps you is great." Div. Ex. 446.

19. PanAm CEO and Director Steve Ross testified that Crow was in no way a control person:

    a. Page 1621, line 7: "Yes, he was" on whether Crow was a consultant.

    b. Page 1621, line 9, "Absolutely, yes" on whether it was normal for him to consult with shareholders and consultants.

    c. Page 1638, line 20-21, "..Crow didn't have any involvement in the operations of PanAm Terra."

Division Counterstatement: Ross never testified that Crow "was in no way a control person," as Clug FOF 19 states. In any event, Ross's testimony at the hearing is undermined by his many emails showing his long business relationship with Crow. Crow installed Ross as PanAm's CEO due to Crow's dissatisfactions with Clug's performance. Div. FOF 428-431. Crow drafted Ross's employment contract and negotiated the terms of his hiring. Div. FOF 432-435. Ross looked to Crow for guidance and took a backseat to Crow in the negotiations with Mickelson. Div. FOF 437, 440, 415-416.

C. There was no 'plan' or even need to conceal Crow's involvement; he was not a de-facto officer or related person

20. Ross knew of Crow's bar from being an officer, director of a public company. Ross, Page 1637, line 18-22.

Division Response: No dispute.

21. To ensure that Crow had no ability whatsoever to control any activities of PanAm, even if through Corsair, Crow contractually agreed that even any shares that might be owned by Corsair would in no way be in his control. Resp. Ex. 83 (Corsair letter to PanAm about Crow).

Division Counterstatement: Resp. Ex. 83 is a letter to Ross, signed by Crow and Clug, dated December 1, 2012, five months before PanAm withdrew from all reporting obligations. At this point, Crow had been controlling and influencing PanAm for nearly two years, and had just orchestrated the undisclosed the conversion and sale of his Convertible Note that deceived three PanAm investors and its auditor. In any event, no witness testified as to the purpose of the letter marked as Resp. Ex. 83, or whether Ross ever "record[ed] these restrictions on the shareholder records of PanAm Terra," as the letter requests.

22. Both of the Convertible Notes held directly or indirectly by Crow had blockers that did not allow him to ever own more than 4.99% at any one time. Resp. Ex. 123, 124.

Division Counterstatement: Crow's two Convertible Notes had provisions purporting to limit the shares held by Crow and his affiliates to 4.99% of PanAm's outstanding shares. As Clug informed the Division of Corporation Finance, however, this "limitation is contractual only, and could be waived by [PanAm]." Div. FOF 462.

23. Lana testified that Crow's Note conversion into PanAm shares would not represent over 4.9% of the outstanding shares. Lana, Page 1022, Line 18-25.

Division Counterstatement: Lana gave no such testimony. Instead, Lana testified that based on his recollection of Crow's instructions to the transfer agent (Div. Ex. 506), Lana believed that "none of the shares went to [Crow] . . . therefore, [Crow] wouldn't be having any of the shares." Tr. 1022:18-25. Lana's testimony that Crow did not receive the shares is contradicted by the fact that Crow did received the shares and was, in fact, able to direct the disposition of the 1,935,284 shares he received from the conversion. Div. FOF 485-486.

24. Crow, as a potentially large shareholder of PanAm wanted liquidity in his shares via PanAm getting a quotation on the OTCBB and thus was keen on knowing the status of its listing progress and troubled on how long it was taking. He would contact Clug and Lana to find out the status and was upset on how long it was taking. (Div. Ex. 404). In his frustration he even threatened that Lana should be fired (Div. Ex. 413). However, since Crow had no control over PanAm, nothing of the sort occurred, nor did Lana take his threat seriously. Lana Page 911, line 21. "Well, I didn't consider it a threat." Clug, Page 1657, line 17 – 21 – Crow told Clug that Lana should be fired and Clug ignored him.

Division Counterstatement: Clug did not testify that he "ignored" Crow's threats to fire Lana. Instead, Clug testified that although he "didn't obviously fire [Lana] . . . I tended to agree with Mr. Crow that it was very frustrating that [Lana] was late in filing. Mr. Crow had a

valid point." Tr. 1657:20-24. Clug's emails show that he agreed with Crow's criticisms of Lana and never disagreed with Crow's many threats to fire Lana. Div. Ex. 394 (5.22.12 Clug to Lana email, cc Crow: "this lack of progress/response is out of control for the CFO of a public company . . , if you cannot do this [complete the audit] by COB tomorrow, Wed. . . . we cannot delay any further"). Crow and Clug, of course, would never have fired Lana because of his continued ability to bring in investors (Div. Exs. 59, 762 (Lana to Clug emails in 2011 and 2012 updating on investor contacts) and they knew that the investors that Lana had brought into PanAm and Aurum were very attached to him. Div. Ex. 410 (6.4.12 Clug email to Keith Ullrich: "We too think the world of Angel and are thankful to have him as a partner").

D. Crow's conversion of his Note was a private transaction outside of the Company's control. Clug was not responsible for Crow's private conversion transaction of his Note nor did he have any involvement in it, and nor was he responsible for how it needed to be reported, if at all, by the Company in its filings.

25. During the period of time that Crow was working with Lana on the private sale of his PanAm shares. Clug was Chairman of PanAm (Resp. Ex. 126). The CEO, Ross and CFO, Lana, working with the company's counsel, Brantl, were active and responsible for all audits and SEC filings, and were aware of Crow's Note conversion. Ross, Page 1630, line 7-10. Page 1631, line 8-24.

Division Counterstatement: No evidence exists that Brantl rendered advice on Crow's conversion, or even that Brantl was aware of it. Div. FOF 466. In addition, the Convertible Notes and the events surrounding Crow's conversion were not a mere "private sale." The conversion required PanAm, a public company, to issue nearly 2 million shares of stock to Crow. In addition, the notes had been disclosed in numerous public filings and were discussed in letters between Clug and the Division of Corporation Finance. Div. FOF 459-461, 487. PanAm's auditor Nathan Hartman also testified that the transactions were material and should have been disclosed. Div. FOF 490.

26. As CEO Ross worked with PanAm's CFO Lana and the company's counsel, Robert Brantl, on any SEC filings, not Clug. Ross, Page 1629, line 24 to Page 1630, line 6. Ross, Page 1630, line 7-13.

Division Counterstatement: Although in the cited testimony Ross stated that it was his

practice generally to consult with Brantl, Ross did not testify that he excluded Clug from such consultations. Clug was Chairman of PanAm's board at the time of Crow's conversion of the note and Clug knew of it and also knew that the investor payments were routed through Lana's personal bank accounts. Div. FOF 473, 480.

E. Crow voluntarily and properly extended the due dates on his two Convertible Notes.

27. Crow executed the extension of his Convertible Notes via Div. Ex. 477. These were the 'extensions' that were sent directly to Lana and the auditors. Div. Ex. 497, Note extensions that the Division alleges Clug backdated with Crow, were not the ones used and sent to the auditors. Hartman, Page 487, line 6-13.

Division Counterstatement: The Extension Agreements that Clug and Crow signed were backdated because they signed them in late October 2012, even though the documents state "Signed on this 15th day of September 2012." Div. FOF 484. These extensions were confirmed by the Confirmation Requests that Crow signed on September 25, 2012 (Div. Ex. 477), even though the Extension Agreements had not yet been signed. The phony Extension Agreements were critical to this fraudulent transaction because they fooled PanAm's auditor into believing that the Convertible note had been extended when it had not.

F. PanAm enters into a Consulting agreement with Corsair after Clug resigned as CEO.

28. Clug resigned as CEO of PanAm on July 6 2012. Resp. Ex. 126.

Division Response: No dispute.

29. Ross testified that the Corsair consulting agreement that he signed as CEO of PanAm was for transition help because of Clug's departure as CEO and for other assistance, such as the introduction of the Mickelson Group. Page 1640, line 3-21.

Division Counterstatement: The document referred to in Clug FOF 29 is an "Advisory Agreement," not a "consulting agreement." Div. Ex. 434. And Ross did not testify that it "was for transition help." Rather, Ross testified that he knew that Corsair included Crow and Clug, that "the idea was to provide some continuity," and that "as part of the consulting agreement, Alex Clug principally, but also Michael crow was available for consultation, introductions like Mickelson Capital." Tr. 1640:3-21. Ross did not question the necessity for having a separate agreement to allow consultation with Clug, when Clug was Chairman of PanAm's board of directors.

30. The Corsair consulting agreement with PanAm was executed by Ross as CEO of

PanAm and approved by the Board of Directors. Resp. Ex. 126, 82.

Division Counterstatement: The document referenced in Clug FOF 30 is an "Advisory Agreement," not a "consulting agreement." Div. Ex. 434.

G. PanAm was going through all the required steps to eventually obtain a trading symbol on the OTCBB.

31. The application process to eventually get a symbol on the OTCBB is a long process that includes and requires the filing of Form 10-12G (Resp. Ex. 84), registration of securities. Company's counsel, Brantl wrote and reviewed all documents submitted to the SEC including the Executive Brief that was part of the filing. Ross, Page 1630, line 10. Page 1631, line 24. Lana, Page 947, line 4-20.

A PanAm Executive Brief (Div.Ex. 389) states that (in caps for emphasis): "..the NAME AND SYMBOL CHANGE to PanAm is IN PROCESS with a Form 10 AND application FOR listing on the OTCBB submitted on April 29, 2011." Resp. Ex. 84 (PanAm Form 10- 12G). The Division misinterprets Brant's language here by alleging that the Company was stating that it had filed for a symbol application directly to the OTCBB on April 29, 2011. Brantl's meaning is clearly that the entire Process of getting a symbol had been started beginning with the Form 10 application on April 29, 2011.

Division Counterstatement: The Executive Brief states unambiguously that PanAm's "application for listing on the OTCBB [was] submitted on April 29, 2011." This statement is false because no application had been submitted. Indeed, as late as November 13, 2012, when PanAm filed its Form 10-K for 2011, there still had been no application filed, and PanAm stated only that "[m]anagement intends to apply for a listing on the OTC Bulletin Board." Div. Ex. 717 at 22 (Form 10-K). In any event, there is no evidence supporting the statement in Clug FOF 31 that "[t]he application process to eventually get a symbol on the OTCBB is a long process[.]" There is also no evidence that Brantl wrote the PanAm Executive Brief, or that the reference to the OTCBB was "Brantl's language," as Clug FOF 31 asserts.

H. Clug did not and could not have filed a Form D as CEO in September 2012.

32. Div. Ex. 474 shows a Form D filed in September 2012 purportedly signed by Clug. However, Clug was not CEO at that time (Resp. Ex. 134), the signature is not an actual signature but simply typed in, and could be easily filed directly by counsel without Clug's knowledge. Clug, Page 1952, line 4-11.

Division Counterstatement: Clug's electronic signature appears on PanAm's Form D dated September 9, 2012, even though Ross had become CEO as of July 6, 2012. Div. Ex. 474. Clug had no explanation for this, and at the hearing dismissed it as "just a technicality." Tr. 1952:2-11. The statement in Clug FOF 31 that the Form D "could be easily filed directly by counsel without Clug's knowledge" is pure speculation.

I. Clug voluntarily foregoes any salary during his tenure as CEO of PanAm Terra.

33. Clug never took any salary out of PanAm, although he was contractually allowed to do so. Resp. Ex. 135.

Division Counterstatement: Whether or not denominated as "salary," Clug or entities he controlled received funds from PanAm: Clug ($18,823); Corsair Group ($40,000); and Dolphin Group ($66,623). Div. Ex. 2A at 12 (Celamy Ex. 8).

34. Out of the $400,000 that went to PanAm, only $40,000 went to Corsair, via a Board approved agreement in July 2012, after Clug resigned as CEO. Div. Ex. 2A.

Division Response: Not disputed that PanAm paid $40,000 to Corsair, in eight payments of $5,000 per month from July 2012 through February 2013. Div. Ex. 2A at 17 (Celamy Ex. 12).

35. Clug only received part of the $40,000 that Corsair received under its Board approved consulting agreement and received reimbursements for approved pre-paid expenses. Resp. Ex. 171.

Division Counterstatement: Resp. Ex 171, which Clug cites as support, is a 27 page document collecting expense reports purporting to be Clug's PanAm-related expenses. No backup is provided, however. Corsair's bank records show that between July 2011 and July 2014, Corsair paid $141,650 to Dolphin and $11,850 to Clug. Div. Ex. 2A at 15 (Celamy Ex. 10).

36. The last investment into PanAm was received at the end of 2012. Resp. Ex. 10.

Division Counterstatement: PanAm received two deposits of $10,000 and $25,000 from two investors in February and March 2013. Div. Ex. 2A at 11 (Celamy Ex. 7). Resp. Ex. 10 shows the March 2013 investment of $25,000, but not the $10,000 received in February 2013.

ABS Fund

J. Clug and Crow did not introduce any investors to the ABS Fund, nor did they have anything to do with structuring or negotiating investments into the ABS Fund, nor did they provide any ABS Fund information or documents to any investors.

37. All of the investors were prior relationships of, and introductions by Lana, with the exception of Clug's father who was also a long time client of Lana. Lana, Page 941, line 7. Lana, Page 1950, line 7-8: Clug: "Angel did all the introductions. Any and all investors are Angel's clients".

Division Counterstatement: Although many of ABS investors were Lana contacts, Crow and Clug were involved in and encouraged the sales efforts. Div. FOF 522-524. Crow and Clug believed the arrangement to allow ABS investors to borrow money to invest in Aurum would be highly profitable for Aurum. Div. FOF 521.

38. Angel Lana was not a manager or owner of The Corsair Group Inc. Div. Ex. 800, line 2.

Division Counterstatement: Although Crow and Clug owned and controlled Corsair, for the purposes of promoting ABS Lana purported to be affiliated with Corsair, and identified himself in an email as "ANGEL LANA CFO (THE CORSAIR GROUP)." Div. FOF 526.

39. Lana testified that he did not have a role at Corsair. Page 854, line 3-5.

Division Counterstatement: Although Lana claimed to have no role with Corsair, he also testified that "Alex established an email [alana@the corsairgroup.com] for me and he insisted I use it." Tr. 854:8-13. Lana also identified himself as part of Corsair when promoting ABS. Div. FOF 526.

40. Crow testified that Corsair did not refer investors to ABS (Crow, Page 1042, line 1).

Division Counterstatement: Crow's testimony that "in [his] opinion" Corsair did not refer investors to ABS is not credible. Tr. 1041:24-1042:2. Corsair was a party to the Referral Agreement, signed by Crow, through which Corsair referred investors to ABS in exchange for "a fixed fee equal to [] 3% paid out over 90 days" and Crow and Clug both participated in the referrals and encouraged Lana's sales efforts on behalf of Corsair. Div. FOF 517-528. Crow and Clug also attended a pitch meeting in which Cody Price presented the ABS opportunity to Aurum investors. Div. FOF 519. Cody Price's assistant, Jay Cowan, emailed Clug to express gratitude for "introduce[ing] us to your valued clients." Div. FOF 520.

41. All ABS/Investor emails that the Division has produced with Clug and/or Crow in them only have them as copied. Div. Ex. 243, 244, 260, 262;

Melnick, Page 55, line 14-15 – Lana introduces Melnick directly to ABS Fund.

Melnick, Page 114, line 9-25 – Melnick testified that he never spoke with either Clug or Crow about the ABS Fund investment and understood that it was separate from Aurum.

Lana, Page 973, line 1-11 – Lana testifies that Clug and Crow never had any involvement with any communications between investors and the ABS Fund.

Even in the case of Clug's father, Clug only introduced his father to the principals of the ABS Fund and did not provide any documents to him. Clug, Page 1950, line 3-4.

In one case, that of investor Swirsky, Clug, who was also visiting Doctor Swirsky for a knee problem, only relayed the message that Swirsky was interested in the ABS Fund after the ABS Fund principals had given him a presentation. Div. Ex. 311. Email from Crow to Price email. No documents were provided by Clug or Crow to Swirsky.

Division Counterstatement: Melnick testified that he invested in ABS based on Lana's representation that ABS was "relatively safe . . . compared to the more speculative nature of the mining operation." Test. 55:9-16.

Notwithstanding Lana's testimony, Crow and Clug were involved with the ABS investors. Clug signed the Referral Agreement; Crow and Clug attended the pitch meeting; and they encouraged Lana to offer ABS to his clients, which Lana did. Div. FOF 522-523, 525. Crow and Clug had powerful motives to do everything they could to encourage Aurum investors to invest with ABS: Corsair was entitled to a 3% referral fee and Aurum's funds also increased through the line of credit feature. Div. FOF 528, 531-532, 538. *See also* Div. Ex. 731 (1.30.12 Price to Crow email: "If we need to talk about sending material to your prospects, please let me know.").

Clug personally solicited Steven Swirsky's investment in ABS. Crow's email to Price states that Clug "just saw" Swirsky and that Swirsky "wants to put in 300k GNMA and 100k plus aurum to start." Div. FOF 524. Crow further reported to Price that Swirsky "is a busy doctor but ready to invest." Div. Ex. 311 at 1. And it was not necessary for Clug to provide documents to Swirsky because, as Price emailed Crow, "Jay [Cowan] is overnighting sub

docs that are prefilled for him to sign." *Id.*

Clug and Crow knew that the line-of-credit feature increased Aurum's funds and also increased the payments to Corsair under the Referral Agreement. Accordingly, Clug kept a "running tally" of investments by Aurum members with ABS. Div. FOF 525; Div. Ex. 368 (5.4.12 Clug to Crow, Lana email: "Note that Dr. Millstein added $50K into ABS. We will need to add to next month's invoice."); Div. Ex. 422 (Clug to Crow email attaching "Aurum GNMA Investor List"); Div. FOF 528, 531

42. All the investors dealt directly with the ABS Fund. Lana, Page 982, line 12:

    Question: So your investors had a direct relationship with the ABS Fund.

    Answer: Yes. They were dealing with them directly.

Division Counterstatement: The investors' contacts with ABS only came after Crow, Clug or Lana made the initial investor pitch regarding ABS. Div. FOF 526-530.

43. Clug and Crow did not negotiate or discuss any terms of the investment in the ABS Fund with any investors. Clug, Page 1950, line 4-7: "I gave him the phone number and the email of Mr. Cowan to send to – for them to deal directly...".

Division Counterstatement: *See* Division Counterstatement to Clug FOF 41.

44. Investors dealt directly with the ABS Fund and were required to fill out a pre-qualification form before receiving materials from the ABS Fund. (Div. Ex. 353). Crow Page 2224, line 18 to Page 2225, line 3:

    "They filled out a prequalifications form. And I believe in the Division Exhibit 353, this is an example of from Simon Stern. Looks like it came from Angel Lana. This is a form that Angel had his clients filling out before they received any information or had any substantial conversations with ABS directly. So it seemed to be a very direct relationship with ABS. They had legal counsel. We had done due diligence. As far as I know, neither Alex or myself ever had any direct involvement in investors other than I believe Alex father's ultimately invested in this."

Division Counterstatement: *See* Division Counterstatement to Clug FOF 41.

45. Clug and Crow were not, and are not, engaged in the business of transaction related compensation. Clug, Page 1941, line 20.

Division Counterstatement: Crow and Clug, through Corsair, received transaction-based compensation as provided for in the Referral Agreement. Div. FOF 517-518. Corsair sent invoices to ABS for the 3% fee required to be paid for each referral to ABS. Div. FOF 528, 531-539.

K. Various potential investment structures and Term Sheets relating to the ABS Fund were explored by the managers but these efforts were quickly terminated and were not distributed to any investor and are thus irrelevant.

46. Div. Ex. 231. Aurum/ABS Term sheet was worked on by Crow, Clug and Lana in early 2012 but it was decided not to proceed with that approach or structure and it was not used or distributed to investors. Clug, Page 1940 line 19 -24.

Division Counterstatement: The Term Sheet accurately described the arrangement between ABS, Corsair and Aurum. Div. FOF 514.

47. Clug believed the ABS Fund to be a legitimate Fund after performing due diligence on them (Resp. Ex. 92) and as demonstrated by the fact that his father invested in it. Clug, Page 1941, line 9, and Page 1950, line 3.

Division Counterstatement: If Clug believed ABS to be a "legitimate Fund," it was only because he ignored red flags regarding Cody Price and the ABS Fund. On May 19, 2012, Clug received an email from Lana regarding complaints by Aurum clients who had invested in ABS and were "nervous" because Cody Price told them he had $80 million under management but their account statements showed on $28 million. Lana told Clug and Crow that the explanations from the ABS accountant were "unsatisfactory, inconsistent and troubling from an accountant's perspective" and that this had become "a credibility issue with some of my clients." Div. Ex. 769. Clug also testified that the Referral Agreement looked like an improper "success fee" and that he should "cancel anything to do with success fees." Div. FOF 540. Notably, among the allegations against Price and the ABS were that Price had intentionally overstated assets under manage, which was the same concern that Clug had learned about from Lana (via Div. Ex. 769) a year before the complaint was filed. Div. Ex. 809 at 11 (Complaint).

48. Corsair performed work and due diligence for the ABS Fund. Resp. Ex. 92, 93.

Division Counterstatement: There is no evidence that Corsair did anything for ABS other than refer Aurum investors to ABS. Div. FOF 543. Resp. Ex. 93 does not show any work performed by Corsair for ABS, it is merely a two-sentence email in which Clug makes an "Introduction" to ABS.

Aurum

Brazil

L. Land and mining rights were obtained and the Batalha JV was formed.

49. Closing Conditions referred to in Aurum, Aug 1 2011 PPM (Resp. Ex. 5, page 6), stated that "Batalha JV owns or has irrevocable rights...". Not just 'owned'.

Division Response: Not disputed.

50. Aurum Dec 31 2011 PPM stated that land and mining rights would be owned or controlled, not just 'owned'. Resp. Ex. 15, page 7.

Division Response: Not disputed.

51. Raiss: Page 1578, line 18 – Raiss says "yes", did acquire Rights to Batalha.

Question to Raiss: Could you tell us -- first of all, did you acquire the rights to the Batalha property?

Answer: Yes.

Division Counterstatement: This quotation does not give Raiss' full response: "I acquired the rights in the way they were able to be acquired with in the Brazilian legal system that surrounds mining, which is a separate legal system than the normal legal system." Tr. 1578:18-21. On cross-examination, Raiss made clear that his previous answer referred only to a power of attorney (Tr. 1594:2-8), that at all times Barbosa de Lima had the mining rights and that the mining rights "were not obtained. They were in process. [Barbosa de Lima] had the mining right, but he did not have the right to explore the mine yet." Tr. 1594:19-25.

52. The Licensing process for Batalha had already been started. Raiss Page 1578, line 25. Raiss: "Batalha property had already started the licensing process".

Division Counterstatement: Although Clug, Crow, Raiss and Palacio had discussions about licensing, the evidence shows that the status of the mining rights never changed from 2010 through the end of 2012. At all times, the rights remained in the possession of Barbosa de

Lima. Div. FOF 166-174.

53. Batalha property land and mining rights were owned, controlled, or irrevocably controlled by Arthom and/or Raiss as described in numerous documents and were indeed contributed to the JV that was properly formed, first in Sep 2011 (Resp. Ex. 19) then updated in Dec 2011 (Resp. Ex. 18). The Exhibits below clearly document how both the land and mining rights of Batalha were contributed to the properly formed JV. Lima, who had part of the rights, irrevocably transferred those to Lima. Lima in turn irrevocably transfers the rights to Raiss et al. Then Raiss et al irrevocably contribute and transfer these to the JV.

a. Div. Ex. 10: Power of Attorney on Irrevocable transfer of all rights from Mr. Lima to Mr. Barbossa
b. Div. Ex. 17: Power of Attorney on Irrevocable transfer of all rights from Barbossa to Raiss
c. Div. Ex. 14-15: Power of Attorney on Irrevocable transfer of all mining rights from Barbossa to Raiss
d. Div. Ex. 12: Contract between Barbossa and Raiss et al selling all rights.
e. Resp. Ex. 18: Raiss et al and Arthom irrevocably assigned all current and future Batalha related rights to the JV.
f. Div. Ex. 71. Shows Arthom properly formed.
g. Div. Ex. 94: Shows Batalha properly formed.
h. Resp. Ex. 18: JV agreement, para 2.1: "... and with the registration of this agreement at a Brazilian notary, Arthom will have irrevocably transferred to Batalha all its contractual rights and powers of attorney, which are personal to its owners, Arthur Adiron Ribeiro and Thomas Raiss, of all land ownership

according to INCRA statutes, and transferred all mining rights...".

Division Counterstatement: Neither Batalha nor Arthom nor Raiss ever received any mining rights to the Batalha property. Div. FOF 166-174. As Palacio made clear, mining rights in Brazil are controlled by a government agency called DNPM; the Batalha rights were at all times held by Barbosa de Lima; and an application for a research permit does not bestow mining rights. Div. FOF 168-170.

None of the Exhibits references on Clug FOF 53(a)-(h) show the transfer of mining rights, as shown below:

- Clug FOF 53 (a), (b), (c): Div. Ex. 10, 14-15, 17 – three powers of attorney dated June and July 2010; no rights transferred;
- Clug FOF 53(d): Div. Ex. 12 – option contract which specifies that "[n]o grant, transfer, authorization of rights or similar event has occurred"; no rights transferred;
- Clug FOF 53(e): Div. Ex. 18 – one page rubber stamp of the INCRA; no rights transferred;
- Clug FOF 53(f): Div. Ex. 71 – Arthom formation document; no rights transferred;
- Clug FOF 53(g): Div Ex. 94 – 9.28.11 Batalha formation document; no rights transferred;
- Clug FOF 53(e), (h): Resp. Ex. 18 – Batalha JV formation formation document; requires only that Arthom, Ribiero and Raiss take "[a]ll necessary steps to obtain mining licenses"; that mining rights are governed by "the DNPM statutes"; and that the provision of the JV Agreement quoted on Clug FOF 53(h) "does not signify or give immediate rights to mine the Batalha property."

54. Palacio testified, after reading them in the Hearing, that the Powers of Attorneys (Div. Ex. 12, 14) from Lima to Raiss et al did indeed irrevocably transfer the rights. Palacio, Page 269, line 11.

Division Counterstatement: Palacio never testified that the Power of Attorney granted mining rights. On the contrary, Palacio testified that the Power of Attorney documents (Div. Ex. 10, 12, 14, 17) do not grant mining right and that only the Brazilian government can grant mining rights. Tr. 293:9-17 (Palacio: "Q Mr. Crow also showed you some documents in Portuguese . . . the Power of Attorney documents[.] To your knowledge, do 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."); Div. FOF 168-170.

55. Resp. Ex. 18 (JV Agreement for Batalha) – Aurum received an immediate ownership of 50% of the Joint Venture. Ownership not predicated on any funds contributed. Only the economic benefits for Aurum were related to it loaning the company $750,000. Resp. Ex. 18, para 2.2: "Upon execution, Aurum and Arthom will each own 50% of the issued and

outstanding stock of Batalha."

Division Counterstatement: Aurum's ownership interest in the Batalha JV depended on it contributing $750,000. The JV Agreement provides that if Aurum fails to make the investment, "then Aurum loses its 50% share in Batalha." Resp. Ex. 18 at 2 (§ 2.2).

56. Aurum made advances of approximately US$60,000 towards its $750,000 loan to the Batalha JV. Raiss page 1596, lines 14-18.

Division Counterstatement: Crow and Clug loaned Ribeiro $60,000 before the JV Agreement was executed. Tr. 1597:20-21. This $60,000 loan was not part of the $750,000 Aurum was required to invest in the JV. Div. Ex. 334 at 2 (4.5.12 Brazilian counsel (Horta) email to Crow and Clug: "The loans made to Thomas, Arthur, Arthom, etc. are not regulated by the JV Agreement"). Aurum never paid any portion of its $750,000 commitments.

M. Raiss was the Principal partner in the Batalha opportunity, the primary contact, and could be relied on by the Corsair managers.

57. Palacio testified, that Clug and Crow could rely on Raiss' explanations (Palacio Page 273, line 6-7) on the transfer of Batalha rights (e.g. Resp. Ex. 170).

Division Counterstatement: Palacio testified that "I don't see any reason why you shouldn't rely on this," referring to Resp. Ex. 170. In this email, however, Raiss makes clear that the mining rights are not held in either Arthom's name or the JV's name. Resp. Ex. 170 at 1 (3.3.12 Raiss to Crow, Clug email: "[The mining rights] are not in Arthoms name in the mining department, they are in the original owners name, Jose Barbosa de Lima . . . as are the land rights"). In fact, Raiss repeatedly told Crow and Clug in emails that neither the Batalha JV nor Arthom ever had any mining rights or land. Div. Ex. 283 at 1 (Raiss to Crow email: "we never said we owned the mining rights"). Even Crow's and Clug's own law firm advised them that "[w]e still have no proof that Batalha has mining right and land not that it has the right to acquire such mining rights and land." Div. Ex. 274 at 1; Div. FOF 172-174.

58. Palacio testified that the person with the most knowledge on the Batalha project was Raiss (Palacio, Page 254, line 21-23)

Division Counterstatement: Palacio in testimony identified Raiss as the individual with "the most knowledge of the Batalha project." Tr. 254:21-23. Palacio's knowledge of the mining issues, however, exceeded Raiss' knowledge. Raiss was one of the owners in Arthom, but Crow and Clug did not rely upon him for geological analyses. Clug's even criticized Raiss' "complete lack of mining experience" in an email to Crow. Div. Ex. 117 at 1. As Raiss testified "I am not a mining expert. I'm a businessman. I'm an entrepreneur. I have the

technical abilities, but mining was not my first expertise." Tr. 1581:20-23. Crow and Clug relied on Palacio, not Raiss, to conduct geological testing and to analyze the results. Div. FOF 578-579. Raiss also testified that "[Palacio] was on my side to assure me – as I said before, I'm not a mining expert – that the testing was being done in the proper fashion." Tr. 1585:10-24.

59. Palacio had little or no involvement in the JV agreements and did not see them. Palacio:

page194, line25; page 195; page 197, lines 8-9 "I really wasn't involved into that" talking about the JV.

Division Counterstatement: Palacio testified that he "had a rough understanding of [the JV agreement, but] didn't get much deep into it." Tr. 194:24-25.

N. Batalha data and testing from its JV partners showed a potentially large successful project.

60. Resp. Ex. 24b - Raiss sends a summary of a lot more testing results that showed Batalha to be a good project, showing potential $100M or more of EBITDA.

Division Counterstatement: No test results showed Batalha to be "a good project." The gold content was never determined and the preliminary testing that was done showed poor or inconclusive results. Div. FOF 179-184.

61. Div. Ex. 112. Palacio emails estimating a US$90 million EBITDA. Low case he put was US$20 million.

Division Counterstatement: Palacio's email (Div. Ex. 112) explains that the results "are not reliable" because "the geologist we hired is a criminal," and shortly thereafter Crow sent an email acknowledging the need to "throw out last drilling results because geologist was crooked." Div. FOF 179.

62. Div. Ex. 162.: Email from Palacio with an attachment and no text in email body. It purportedly shows one box on an Excel spreadsheet showing a negative EBITDA of

$1,727,601. Actually, Palacio does not send any wording in that email but just a spreadsheet that has, in red, in one box, a cost of $30/ton which caused that negative

EBITDA to appear. However this made no logical sense:

a. The price of gold at that time was around $1,500/oz. 30,084 ounces is thus $45million, a positive result. The $30/ton number is in red as it is an important variable that is meant to be changed in the model. $30/ton, at an average grade of 0.02 ounces/ton, per his model, equals to a cost of about $1,500 per ounce – this number is completely unrealistic on the high side. Cost of processing tailings is usually closer or lower than $300/oz. This is a common number accepted in the industry and also confirmed by Palacio in his other emails, and models. See Div. Ex. 112: Palacio states "The average production cost in gold mines all over the world is US$300-350/oz, considering even underground mines (for open pits this value can be lower than US$150/oz). Since we need oil to generate power, our costs will be a bit higher, but I still believe in lower than US$300/oz." Thus that $30 number in that email, in red, was obviously not the final number and was meant to be changed. Even a small reduction in that $30 number drastically increases the EBITDA in a positive manner.

Division Counterstatement: Seeking to minimize the significance of Div. Ex. 162, Clug FOF 62 contains extensive speculation – such as opinion about "logical sense," whether a particular number was "meant to be changed," and "a common number accepted in the industry" – that is outside the hearing record. Palacio's unrebutted testimony at the hearing was that Div. Ex. 160 represented his final results, and that he was never able to determine the total gold content for the Batalha property. Div. FOF 183-184.

63. Raiss testified that he and his partners had supplied an investment proposal to Clug and Crow showing projections that included that there were 18 tons of gold available from the tailings. Raiss, Page 1591, line 12-20. This presentation was admitted by ALJ on Page 1996, line 22 to Page 1997, line 7.

Division Counterstatement: The undated "investment proposal" referred to in Clug FOF 63 is marked as Resp. Ex. 190. It appears, however, to have been prepared prior to Crow and

Clug's involvement in the Batalha project since their names do not appear in the document, and this document was never specifically referred to in any Aurum document (and did not appear on any respondents' pre-hearing exhibit list). Resp. Ex. 190 cannot be relied upon as a basis for Crow and Clug's subsequent projections to Aurum investors because Crow and knew that any prior testing could not be relied upon, and that Palacio's testing showed poor or inconclusive results. Div. FOF 179-184.

64. Raiss testified that 300 or more samples had been taken and tested on the Batalha property. Raiss Page 1583, line 21.

Division Response: No dispute that Raiss testified that "I think we ran close to 300 different samples, if not more." Tr. 1583:21-22.

65. Efforts on the Batalha project in Brazil ended around April 2012, not before. Div. Ex. 335. The Dec 2011 PPM did not have any closing conditions, besides the $250,000 minimum, and the 1st Quarter 2012 update letter (Resp. Ex. 28) to investors included wording that issues needed to be worked out in Brazil. The 2nd Quarter update letter (Resp. Ex. 29) included even stronger warnings on the possibility of Brazil being a write off. All the emails about Brazil and related issues that the Division brings up, all of those occurring well into year 2012, are thus irrelevant to the Aug 2011 PPM and any of its closing conditions.

Division Counterstatement: Crow and Clug knew the Batalha project was a failure long before April 2012. By December 2011, they know that the geological testing showed poor results, and that the Closing Conditions in the August 2011 PPM could not be achieved. Div. FOF 180-184; 185-201. In February 2012, Crow emailed Clug that "the brazil project is really a problem" and Raiss told Crow and Clug that he was "not willing to continue" and Crow accused him of "poor results and misappropriated funds." Div. FOF 202-204.

Crow and Clug's Quarterly reports to investors were not accurate about the Brazil project and the reasons it failed. The 1st Quarter 2012 Report falsely represented that Aurum was in discussions regarding "increasing our ownership" of Batalha and that the project "will take longer to make operational." Div. FOF 159. In fact, Crow and Clug knew by this time that Batalha was a failure. Div. FOF 202-207.

The 2nd Quarter 2012 Report stated that "our local Brazil partner . . . did not put up their share of the capital," Div. FOF 162(e), even though it was Aurum, not Arthom, that failed to make its capital contribution. The 2d Quarter 2012 Report also stated that "[t]he Brazil

partners did not disclose to us all the salient facts regarding the property." Div. FOF 162(e). In fact, Crow and Clug knew all "the salient facts regarding the property," but nevertheless failed to disclose these facts to Aurum investors.

The December 2011 PPM also contained completely baseless projections for the Batalha project, including that investors could receive 40 times their initial investment. Div. FOF 115-116. When Crow and Clug completed and circulated the December 2011 PPM, which portrayed Batalha and being a viable and successful project, they knew the Batalha project had collapsed. Div. FOF 118-122. And the closing conditions in the August 2011 PPM all concerned Batalha. Div. FOF 104-105. By falsely representing to the noteholders that the closing conditions were satisfied, Crow and Clug concealed the failure in Brazil and set the stage for the fraud to continue with the Peruvian properties. Div. FOF 185-201.

O. Aurum Convertible Notes.

66. $250,000 was raised via Convertible Notes. Resp. Ex. 38.

Division Response: Not disputed.

67. The Division alleges that most of the $250,000 went to Clug and Crow. However, their amount also includes reimbursement of about $45,577 for allowable pre-paid expenses. See Div. Ex. 2A and Resp. Ex 175. All compensation ($120,000) was disclosed and permitted through its approved Management Agreement. (Resp. Ex 7). Also, by the time the Division gets through documenting the use of funds of the $250K through March 2012 (Div. Ex 2A), Aurum already had additional funds secured. Resp. Ex 38.

Division Counterstatement: Clug does not dispute that 66% of the $250,000 raised from the noteholders went to he and Crow, as Div. Ex. 2A at 10 (Celamy Ex. 6) shows. Clug cites to Resp. Ex. 175 to support his claim that of the $165,577 that he and Crow received, $45,577 was "reimbursement . . . for allowable pre-paid expenses" which were "disclosed and permitted through its approved Management Agreement," citing to Resp. Ex. 175. Clug FOF 67. Resp. Ex. 175 is a 32-page document that appears to be spreadsheets listing expenses for Clug from July 2011 through March 2014. There are no backup or receipts attached to these spreadsheets; as a result, it is impossible to determine whether these expenses were actually incurred. In addition, the amount of expenses claimed in Clug FOF 67, $45,577, does not tie to any number of Resp. Ex. 175 (the amount of expenses incurred during 2011 was $40,816.57, per Resp. Ex. 175 at 1).

Clug claims that his receipt of $45,577 of the $165,577 was "disclosed and permitted

through its approved Management Agreement." Clug FOF 67. Clug is referring to the "Advisory Agreement" between Corsair and Aurum dated June 1, 2011, which permits Aurum to reimburse Corsair for "all out-of-pocket expenses reasonably incurred," and not a "Management Agreement,". Resp. Ex. 7. The fact that the Advisory Agreement was dated June 1, 2011, and the $250,000 from the noteholders was received on that same date (Div. Ex. 2A) makes it highly unlikely that any noteholders knew about the arrangement. Moreover, neither the Term Sheet nor the Convertible Notes refer to any Advisory or Management Agreement, so it is not correct to claim that these payments to Crow and Clug were "disclosed and permitted through its approved Management Agreement." Clug FOF 67. The Convertible Notes, however, say nothing about the use of funds, and also do not authorize payment of compensation and do not refer to the Management Agreement. Div. Ex. 58, 676, 680 (Convertible Notes). The Term Sheet, which Lana presented to the noteholders (Tr. 825:3-19), stated only that investor funds would be used "[t]o complete due diligence including final report from engineers, legal, travel and costs related to the land purchase and startup operations." Div. Ex. 51. In fact, none of the $250,000 went to "final report from engineers," any "land purchase" and "startup operations." Div. Ex. 2A at 10 (Celamy Ex. 6).

It is also irrelevant that as of March 2012 "Aurum already had additional funds secured," as Clug FOF 67 states. The $250,000 from the noteholders was deposited into Aurum's Citibank account ending in 7743. See Div. Ex. 2A at 4.

Even accepting Clug's unsupported claim that $45,577 of the $165,577 was "disclosed and permitted," that still leaves $120,000 that Crow and Clug received that is unaccounted for and unrelated to any legitimate business purpose.

68. Div. Ex. 51 is a Proposed Term Sheet and NOT the actual Convertible Note used to subscribe investors: "not an offer to purchase securities..' etc.

Division Counterstatement: Lana testified that the Term Sheet (Div. Ex 51) was given to potential investors. Tr. 825:3-19 (Lana: "Q. Do you recognize [Div. Ex. 51], Mr. Lana? A. I believe so, yes. Q. What is this? A. It's a $200,000 secured convertible note term sheet. Q. Did you use this document at all when you were speaking to your clients about Aurum Mining? A. I believe I did. Q. What did you do with it? A. I presented it to them.").

P. The Aurum Convertible Notes could be converted at any time by the Holders.

69. Actual Aurum investments were done through Convertible Notes. See Resp. Ex 14. Holder could convert at any time, irrespective of anything else including any Closing Conditions. To quote: "Convertible at Holder's choice prior to such date..."

Division Counterstatement: No dispute that the Convertible Notes allowed for conversion

"at [the] Holder's choice prior to [maturity]." Div. Ex. 58, 676, 680. Crow and Clug, however, made the Closing Conditions in the August 2011 PPM relevant to the noteholders, even though the noteholders had not invested under that PPM. Crow and Clug induced the noteholders to convert by falsely representing to them that the Closing Conditions in the August 2011 PPM had been met. Div. FOF 200.

Q. The Aurum PPM dated August 1, 2011 Closing Conditions. Since Aurum's Batalha project was encountering some issues and Aurum's business model had evolved to include Peru, which was not covered in the August 1, 2011 PPM, and since the Closing Conditions in that August PPM were no longer applicable to the new business model, the managers made a rescission offer to all the 7 affected investors thus making those Closing Conditions no longer a requirement.

70. Only the August 1 2011 PPM (Resp. Ex. 5) had any Closing Conditions. The December 1 2012 PPM (Resp. Ex. 15) only had the closing condition of a minimum $250,000.

Division Response: Not disputed.

71. Aurum's counsel, Brantl, wrote and reviewed the PPMs and the update letter to investors including the one offering rescission. Clug, Page 1669, line 6-7. Clug, Page 1671, line23.

Division Counterstatement: Crow and Clug – not Brantl – wrote and reviewed the PPMs. Div. FOF 100, 112. Crow and Clug also drafted the January 2012 Update. Div. FOF 147. The January 2012 Update – which says nothing about "rescission" – was drafted by Crow and Clug, and there is no evidence that Brantl reviewed it. Div. FOF 580.

72. Div. Ex. 217. The one line inserted in the January 2012 Update that "we have satisfied the conditions of closing on the Aurum original PPM." contradicts everything else stated in all the ancillary documents, including the same Update letter that has the following paragraph immediately following that sentence: "As part of this we have updated the Private Placement Memorandum ("PPM") as of 12/31/2011 to reflect these changes as well as additional management, risk disclosures, **conditions of closing**, reduction of minimum capital raise, financial

returns and various other items. We encourage you to review the PPM and ask any questions." *(in bold for emphasis).*

One of the entire reasons for offering rescission and going under a new PPM was because the business had changed from Brazil to Peru etc. Clug, Page 1668, line 18 thru page 1670, line 3.

Division Counterstatement: The January 2012 Update did not "offer rescission." Aurum never offered rescission and no investor ever accepted rescission. Instead, the noteholder chose to concert their notes into equity in Aurum rather than receive their principal and interest, based entirely on misrepresentations and omissions in the January 2012 Update, which was written by Crow and Clug. Div. FOF 200.

R. The Managers correctly used and managed the 'escrow' account described in the August, 1 2011 PPM

73. Resp. Ex. 5. States: "money will be kept in a Company segregated bank account serving as an "escrow",". Notice quotation marks around escrow as well. It was indeed put into a Company segregated savings account which was not touched until the $250,000 closing condition was met. See Div. Ex. 2 (3A). Our Ex. 38b and 38c. Clug: Page 1714, line 1-23.

Division Counterstatement: Crow and Clug did not create a segregated bank account to serve as an escrow. Div. FOF 194. Instead, it was deposited into Citibank's savings account where Crow and Clug had unfettered access to it. Div. Ex. 2A at 6 (Celamy Ex. 3A).

S. All of the seven Aurum August 1, 2011 PPM investors agreed to not accept the offer of receiving their funds returned and to accept the new terms of the December 1, 2011 PPM.

74. All 7 Aurum investors that invested a total of $115,000 under the Aug 31 2011 PPM freely decided to not get their funds returned, as offered, and accepted to instead continue their investment under all the terms of the Dec 31 2011 PPM, which did not

have any closing conditions save for the $250,000 minimum funds. Resp. Ex. 17. The language in their conversion document included the following:

a. I have reviewed the Amended Private Placement Memorandum dated December 31, 2011 in its entirety and have consulted with any advisors as I may deem appropriate.My subscription document and investor questionnaire is still accurate in its entirety.

b. I wish to continue my investment and receive my Class A Membership Units in Aurum Mining LLC.

Division Counterstatement: Clug FOF 74 misrepresents the evidence. It was the convertible noteholders who elected to concert their note into equity based on the January 2012 Update. Div. FOF 200. Investors who purchased under the August 2011 PPM already had equity in Aurum, so obviously did not convert, although Crow and Clug should have returned the $115,000 to them based on their failure to achieve the Closing Conditions.

75. Investors in the Aurum Aug 1 2011 PPM were clear that they had the choice of receiving their money back. For example, the Subject line in the emails from Lana to his investors was titled in CAPS: AURUM MINING LLC - UPDATE LETTER - NEEDS TO BE SIGNED IF CHOOSING TO GO FORWARD WITH INVESTMENT. Resp. Ex. 145

Division Counterstatement: The convertible noteholders, and not the investors under the August 2011 PPM, were given the choice of getting their money back as the notes provided for, or receiving equity in Aurum.

76. An investor testified that he was thankful to the managers to not simply close the business after the Brazil project encountered problems and the managers instead continued their efforts in Peru – Ferolito, page 1986, line 6.

Division Counterstatement: Arnold Ferolito stated that Crow and Clug were "nice enough to try to make it work" in Peru after "the Brazilian thing for whatever reason, you know, fell apart." Tr. 1986:1-10. Ferolito also stated that that the $150,000 he invested was not a lot of money to him, "like a weekend in a casino." His testimony, however, was not credible for two reasons. First, Ferolito has been "friends for many years [with Clug's father] . . . We live in the same community in Florida." Tr. 1984:11-13. Second, Ferolito freely expressed, entirely unprompted, stringent anti-government, anti-regulation views. Ferolito testified that

"the SEC investigation that's going on" was the reason his investment in Aurum had not paid off; that "the United States isn't what it was 50 years ago . . . with all the stupid regulations on things . . . We have too many rules, too many regulations, and too many things that are absolutely stifling and destroying entrepreneurial business . . . there's too much government controlling things." Tr. 1989:15-19; 1992:21-25; 1995:5-24.

77. The Aurum December 31, 2011 PPM started to be distributed in the first week of January 2012. See Div. Ex. 203, 204.

Division Response: Not disputed.

T. Clug and Crow relied and followed the recommendations, as was expected of them, of the Aurum management and team of experts, on independent reports, and projections and valuations.

78. Aurum managers Clug and Crow could and should have relied on the work and recommendations coming from its mining team and partners:

    a. Palacio states that Clug and Crow should be able to rely on their JV partner Raiss' work: Page 273, line 6-7.

    b. Palacio states that Clug and Crow should be able to rely on his work. Page 273, line 15.

    c. Park states that it is normal for Clug and Crow to rely on their team and even specifically on Garate (Aurum Senior Geologist) and Ciro de la Cruz (Aurum Molle Huacan mine Superintendent)(See Cruz resume in Resp. Ex. 112; and numerous Aurum Peru team resumes in Resp. Ex. 49) who he agrees have ample experience in mining and managing mines and production. Park Page 1306, line 5-15:

    Question: ".... In your opinion, Mr. Park, would it be normal in a mining company, a small mining company, to rely on their geologist and mining

engineers?" Answer: "Yes, it would be."

Question: "Is it your opinion you would expect the Aurum management team to rely on Mr. Garate and Mr. Ciro de la Cruz?"

Answer: "Both of them apparently have ample experience in mining and managing mines and production apparently. So yes. I would say yes."

d. Park testified, after reading Garate's CV (Resp. Ex. 154), that Garate had ample experience for his role at Aurum. Page 1255, line 11. Park also testified that Garate would be the type of person he would expect to be in charge of geology and mining activities. Park, Page 1260, line 7.

e. Park testified that Ciro de La Cruz's mining plan (Resp. Ex. 66b) covers all the topics he would expect in a mining plan. Park, Page 1277, line 12-14.

Division Counterstatement: Palacio correctly testified that Crow and Clug could rely on his work. Unfortunately, Crow and Clug did not. Specifically, they told Aurum investors that the JV had mining rights when Palacio told them they did not, and they told Aurum investors that the testing results were favorable when Palacio told them the opposite.

As to Elias Garate, notwithstanding his CV, Crow and Clug had ample reasons to question his results, including the fact that Garate had been proven unreliable on the very first property in Peru – Cobre Sur. Div. FOF 223 (Clug: "Hope Elias also understands that we can't make this kind of mistake again"). In addition, Park had verbally informed Crow and Clug sometime in early 2012 after his Molle Huacan site visit that he could not vouch for Garate's estimations and sampling techniques. Div. FOF 230-232, 237.

As Moran noted in his Expert Report, Crow and Clug ignored Ciro de la Cruz's conclusion in his February 2013 report that "there is no geological information as to the depth of the Monica vein, the gold grades, the volume of reserves, resources, etc." Instead, Crow and Clug reported in Aurum's 2013 Business Plan that Molle Huacan contained "an inferred gold mineral resources of a minimum 2,842,000 ounces." Div. FOF 296-297.

V. The two Independent Reports on Molle Huacan received by management were only a very small part in the overall mountain of data and information received by Aurum management. Based on the very limited data and short visit times that were used to produce

them, they were considered positive and their recommendations were followed.

79. Aurum management received only two independent reports on Molle Huacan that were based on only one day visits and on very limited sampling, one of which that was 6 months out of date when finally received and which had problems with the majority of its samples. Resp. Ex. 44, 51.

Division Counterstatement: Park's October 2012 report largely discredits the prior testing done by Garate, Div. FOF 229-233, 236, which explains Respondents' unsuccessful efforts to minimize its significance. With regard to the Park Report being "6 months out of date," Park testified that the reason his report was delivered in October 2012 was because "Aurum [hadn't] paid the lab invoice due when the sample results were released in May." Tr. 1315:22-25. In addition, Park communicated his findings to Crow and Clug months before they received his report. Div. FOF 237. When Park finally sent the report to Crow and Clug, he stated in the cover email "sorry it took so long to get this report out as there didn't seem to be any demand for it." Div. Ex. 604 at 7.

80. Park testified that very little can be accomplished with only a one day visit. Park, Page 546, line 16-18. "Well, again, on a one-day visit I could not distinguish exactly which -- what the exact vein system, how it was laid out."

Division Counterstatement: Park testified that he "walked the length" of the Monica vein and estimated its length to be 700 meters, as opposed to Garate's 1,800 meters. Div. FOF 226, 230.

81. Aurum management had very limited if no follow-up communications with the authors of the two independent reports but nevertheless did follow the recommendations in the two independent reports that it received on Molle Huacan (Resp. Ex. 44 –Park Report; Resp. Ex. 51 – Daubeny Report).

    a. Park recommended in his Molle Huacan report that further testing and Induced Polarization be conducted. (Resp. Ex. 44). Aurum team followed his recommendation and did exactly this. See Resp. Ex. 45, 46, 47, 48.

    b. Daubeny recommended more testing and better quality control. Management did this. Management hired a consulting firm to visit the Molle Huacan mine

and train the staff there. (Resp. Ex. 158), distributed to all staff a memo on sampling and testing standards (Resp. Ex. 72), and continued extensive testing and even used a Track Drill in its operations (Resp.Ex. Pic 18; Clug, Page 1873, line 18)

The First Report - Park report based on April 2012 visit (Resp. Ex. 44):

Division Counterstatement: Crow and Clug did not follow the recommendations in either the Park or Daubeny reports. Div. FOF 240. On the contrary, they ignored the substance of both reports and hid their conclusions from Aurum's investors. Div. FOF 239; 320. Resp. Exs. 47 and 158 were offered, but not admitted into evidence. Resp. Ex. 48 is an untranslated Spanish language document.

82. Resp. Ex. 44, Park Report on Molle Huacan. Park visited the site in April 2012. Park was at the mine site for only one day and had sampling and testing issues on a large majority of his samples (approximately 40 out of 50 samples)) that by his own testimony seriously delayed and devalued the value of his work product. Park: page 536, line 7-22.

Division Counterstatement: Park did not testify that his report was "delayed and devalued" by anything. Instead, Park said that due to a colleague's computer error with regard to samples drawn after Park's visit, most of the "location data" was lost and those samples were not part of his report. Tr. 537:4-10.

83. The Park Report was only delivered to Aurum Management in October 2012 (Park, page 538, line 23) and thus did not include anything whatsoever that had occurred between those dates, such as Induced Polarization testing (Resp. Ex. 47), and numerous additional metallurgy (Resp. Ex. 48), analysis, exploration, testing and sampling. The report was thus out of date and not relevant to the actual status of Molle Huacan in October 2012. Thus, to share this report with outsiders when it was received in October 2012 could be confusing since it was discussing the situation of the mine as of April 2012 and readers could understandably mistakenly

think that it was discussing the mine as of October 2012.

Division Counterstatement: Crow and Clug did not hide the Park report from Aurum's investors because it was "out of date and not relevant." Instead, as is clear from an October 2012 email, they concealed the report because they believed investors would review the report "as rather negative." Div. FOF 239. Resp. Ex. 47 was offered, but not admitted into evidence.

84. The Report also stated that sampling and mapping was only partially completed. It sated [sic] that too few samples were taken to make any estimations. It recommended more testing under a $100K budget. More than this was completed and spent by management. Div. Ex. 3.

Division Counterstatement: There is no evidence that Crow and Clug conducted adequate testing and mapping of the Molle Huacan. Daubeny, who reviewed Aurum's materials in the data room prior to his Molle Huacan site visit, testified that "the samples had been poorly documented" (Tr. 369:6-14) and that he was provided "a crude geological map" of Molle Huacan (Tr. 379:21-24).

85. Beyond what was in Park's Molle Huacan report based on his site visit in April 2012, (Resp. Ex. 44) Park did not share any thoughts on the mine with anyone – Park: Page 552, line 2-6.

Division Counterstatement: Park verbally communicated his findings to Crow and Clug months before his report. Div. FOF 237. Park testified that Crow and Clug never contacted him to amend his report or to conduct further testing. Div. FOF 240.

86. Park: Page 546, line 1 – Park was asked to contrast his estimate on a strike length for the Monica vein at Molle Huacan of 700 meters instead of Garate's estimate of 1,800 meters. His response was "But I cannot confirm that on that one-day visit." And in same sentence, Park then says 1,800 meters could be correct – Page 546 lines 3-8.

Division Counterstatement: Park testified that he was "surprised at [Garate's] estimation of the length of the vein" and was "quite surprised at the estimation of the average width of 18 meters." Div. FOF 230. Park disagreed with other Garate's findings. Div. FOF 231, 232, 233.

87. Park testified that, even based on his early short visit to Molle Huacan, management did have the opportunity to go profitably into production.

Park, Page 551, line 16-23: when asked whether Molle Huacan was excluded from going into production:

"No, it wouldn't. As the small miners were mining there, they were apparently making – being successful to some extent with their work. So, you know... and make it profitable".

Division Counterstatement: Park testified that, as his report stated, "the property would not be ready for production, but it would be a good exploration target that would need to be further explored." Div. FOF 236.

The Second Report - Daubeny report based on an April 2012 visit (Resp. Ex. 51):

88. Daubeny visited the Molle Huacan site for only about 24 hours (many of which were sleeping at night since it was an overnight visit) and only took 34 chip samples. Resp. Ex. 51 (Molle Huacan NI-43101 report). Daubeny, Page 431, line 6.

Division Counterstatement: Daubeny conducted his site visit of Molle Huacan February 13-14, 2013 and "was busy the whole time" he was there, except for meals and sleep. Tr. 378:20-22; 431:15-21. Daubeny testified he relied on Aurum's people "to show me around, that show the important parts of the property, the parts of the property that they think are probably the most prospective, or are the most important." Tr. 432:23-433:6.

89. Daubeny did not speak the local language and thus was limited in getting information from the local miners, geologists, metallurgists etc. Daubeny, Page 433, line 9 "My Spanish is minimal."

Division Counterstatement: Daubeny testified that he had a bilingual person with him, that many geological terms are the same in English and Spanish, and that he "can follow along on some aspects of what somebody is saying to me in Spanish, particularly if it's a technical conversation." Tr. 433:13-19.

90. Daubeny had a mindset based on traditional medium to large mining processes and was not familiar with the quick-to-production business model of Aurum. Daubeny, Page 378,

line 4 "...there is no shortcuts or quick to production model".

Division Counterstatement: The only "mindset" Daubeny had was as an experienced professional geologist. Div. FOF 241. Like Park and Moran, Daubeny testified that the phrase "quick to production" was "not a term I was familiar with." Div. FOF 261.

91. Daubeny could not see all of Aurum mining's activities or potential due to his very short visit to the mine.

Division Counterstatement: Daubeny testified that he was "busy the whole time I was there, examining the property." Tr. 431:17-19. Daubeny "rel[ied] on people to show me around, that show the important parts of the property, the parts of the property that they think are . . . the most important, or are the most enlightening." Tr. 433:1-6. He also stated that the Molle Huacan property was "not particularly large. Many mining properties are much. Much larger than that." Tr. 432:19-20.

92. Daubeny also stated that it would take a minimum of '18' months to build a heap leach plant (Page 475, line 23). And yet, less than 8 months later, one was up and running on site – Hollander: Page 1526-1531 (Resp. Ex Pic 7, 13, 20, 16, 9, 14, 15), and page 1532-1534 (Resp. Ex. Vid 2,3,6,8,9) all show a working mine and processing plant.

Division Counterstatement: Daubeny testified that during his visit "[t]here was none of the infrastructure in place or evidence that would be required to mine . . . it was just green fields or grass roots exploration project." Div. FOF 262. In spite of the photos and videos, Molle Huacan was never a working mine. Daubeny saw no evidence of construction any gold processing plant. Tr. 380:12-381:1. In fact, Daubeny recalled Clug telling him about plans to construct a leach pad but Daubeny saw no evidence of that "[b]eyond sort of arm waving, where we're going to construct a leach pad." Tr. 398:23-399:11.

93. After Daubeny's visit to Peru there were no communications between him and Aurum. Except for one or two emails sending him industry accepted and expected feedback, sent indirectly to him via RwE Growth Partners (Resp. Ex. 61), This was done during the finalization of a NI-43101 report and there were no other communications between Daubeny and Aurum after his visit to Peru. Thus, Aurum management received no other information, or doubts that Daubeny may have had, and could rely on the NI-43101 that he produced.

Division Counterstatement: Not disputed that Div. Exs. 555 (3.18.13 Clug email to Daubeny forwarding photographs taken during Daubeny's site visit), 575 (Resp. Ex. 61), and 576 (Resp. Ex. 61 with cover email), were the only known written communications between Daubeny and Aurum after Daubeny's site visit.

94. Daubeny testifies that he is not qualified to value mining properties nor is he qualified to do so. Daubeny, Page 413, line 14-22.

Division Counterstatement: Daubeny is not a certified mining appraiser; however, he does have experience in valuations. Daubeny testified that he believed the RwE valuation "was an order or two magnitude more than what I thought," that the valuation was not consistent with his findings, and that an appropriate valuation would be "$15,000 U.S." Tr. 410:3-411:3.

95. Daubeny agreed that he did not have any experience on Artisanal mining. (Daubeny, Page 424, line 15.

Division Counterstatement: Daubeny testified that he was familiar with artisanal mining and that he had "seen artisanal workings." Tr. 423:3-6, 12-15.

96. Daubeny testified that Clug and Crow informed him that their business model was a quick-to-production one. Daubeny, Page 424, line 22.

Division Counterstatement: Crow and Clug told Daubeny Molle Huacan was "on the verge of production," which Daubeny saw no evidence of. Div. FOF 269.

97. Daubeny testified that Artisanal Miner's approach does not require them to have an 'ore' body defined before going into production. Daubeny, Page 434, line 22-24.

Division Response: No dispute.

U. RwE Growth Partners issued a valuation on the Molle Huacan mine of over $20 million and upon which Aurum management could rely.

98. Daubeny, Page 430, line 16-22, confirms that RwE Growth Partners interviewed him in depth to be able to come up with their valuation report.

Division Counterstatement: *See* Division Counterstatement to Clug FOF 94.

99. Moran testified that RwE Growth was able to review an extensive amount of data for purposes of preparing their mine valuation report. Moran, Page 768, line 8-10.

Division Response: No dispute.

100. Moran agreed in his testimony that RwE Growth and its principal Evans had all the required qualifications and experience to do valuation work and had worked for companies that he recognized. Moran, Page 780, line 18 to Page 781 line 9.

Division Response: No dispute.

101. Daubeny's NI-43101 report (Resp. Ex. 51) was considered a relatively positive one by Clug and Crow as it was based on a short visit with relatively few samples taken, resulted in over a $20 million valuation by RwE Growth Partners, an independent accredited valuation company (Resp. Ex. 52), and his report even included a significant potential amount of gold at Molle Huacan: "...Such a block could yield ~195,000 ounces of gold" (page 26). At $1,400/ounce which was low for that time, this is $273 million. His report also included: "At one locality in the Monica Zone, check sampling by the author returned a weighted average of 2.87 g/t Au over 5.6 metres" (page 2), another positive result.

Division Counterstatement: No dispute that Resp. Ex. 51 contained the quoted phrases. Notably, Div. Ex. 576 reflecting comments exchanges between Aurum and Daubeny on the draft NI-43101 report demonstrates that Crow and Clug's view of the report was anything but positive. It shows they were disappointed with many of Daubeny's findings, including lower gold grades, deliberate sample contamination, fabrication of gold assay results, and conclusion that Molle Huacan contained no known mineral resources or reserves. Div. Ex. 576; Div. FOF 268. Clug, unsuccessfully tried to get Daubeny to alter or omit some of the negative findings in the draft report, but Daubeny declined. Tr. 389:9-15. As for the $20 million valuation by RwE, Daubeny testified that it was not consistent with this findings and conclusions and there was "nothing in the final valuation that reflected anything that I had written." Tr. 410:17-19; 437:15-127.

W. Division's 'Expert' Report by Moran.

Moran continuously compared Aurum and its Molle Huacan mine with large mining companies' business models and based his entire report on the limited two independent reports by Park and Daubeny, largely discounting all the Aurum team of experts' work,

and criticizing at length, even though not qualified to do so, the independent valuation work completed by RwE Growth.

102. Moran testified that he has no certifications to value mines. Moran, Page 703, line 8.

Division Response: No dispute that Moran gave this testimony.

103. Moran agreed that it is possible to begin production without first defining an ore body or drilling. Moran Page 726, line 4 to Page 727, line 14. Confirming Aurum's business model to be a valid one.

Division Counterstatement: Moran's cited testimony described how "drifting the vein" works, which is nothing close to the medium to large scale production activities that Aurum kept promising its investors as its business model. Div. FOF 158d, 163g, 164a, 165d.

104. Moran testified that the basic difference between Garate's estimate of 1.254 million ounces and 2.842 million `ounces is simply the increase in strike length to 1,700 meters. Moran Page 745, line 24 to Page 746, line 24.

Division Response: No dispute that Moran gave this testimony.

105. Moran testified that approximately $12 million to $38 million are needed to reach production. This obviously had nothing to do with Aurum's quick-to-production business plan and renders his comparisons of Aurum against these larger mining processes and companies inappropriate and misleading. Div. Ex. 1, Page 34, figure 7.2.

Division Counterstatement: Figure 7.2 on Div. Ex. 1 at 37 reflects Moran's cost estimate for projects similar to Molle Huacan as described by Crow and Clug in multiple documents that Aurum prepared or disseminated to investors.

106. Moran stated that Molle Huacan or any similar type company could not move to production without drilling first. Moran, Page 692, line 2-6. Yet billions of dollars of

gold are mined this way every year and Park testified that many do this as well. Park: Page 1242, line 6-11, and Page 1285, line 9-10.

Division Response: No dispute.

107. Moran never did a site visit so did not even know that a plant had been built and working. Div. Ex 1, page 4: "There is no supporting documentation to justify constructing a gold mine or a gold processing plant at Molle Huacan, and there is no documentation that Commercial Production was ever initiated or achieved at Molle Huacan – no substantial evidence of a constructed mine or mill." And yet there was per FoF 135-137 below.

Division Response: No dispute that Moran did not visit Molle Huacan and that Div. Ex. 1 at 4 contains the quoted language.

108. Moran's report continuously compares Aurum and its Molle Huacan mine, and Aurum's management use of terminology, to large mining companies. For example, Park: Page 1274, line 11-17 (Park: "Q. In your opinion do you have any exceptions or issues with [Moran's] testimony or report with respect to the way he uses terminology or his conclusions with **large mining companies**? A. No, I don't.")

Division Counterstatement: Moran's expert assessment of Molle Huacan is consistent with the scale of mining Aurum represented in its written materials to investors and geological documents. Div. Ex. 1 at 10-11. See also Division Counterstatement to Clug FOF 103.

109. Moran, the expert witness did not visit Peru for his report and made no effort to contact any of Aurum mining's team that could have answered any questions he had or clarified their methods and reasoning. Moran, Page 783, line 6-25.

Division Counterstatement: There was no need for Moran to visit Molle Huacan or speak with Aurum's team since, as Moran testified, he had "information from three different sources of what the description of the geology was and that was from within Aurum and from Mr. Park and Mr. Daubeny, and those descriptions of the property were generally similar." Tr. 784:9-785-2.

110. Moran agrees that "One of the common problems I find in Latin America is

mixing of resources and reserves by some of the locals". Moran, Page 787, line 1-3.

Clug and Crow relied, as they were expected to, on their local team. See FoF 78 above.

Division Counterstatement: No dispute as to the cited testimony from Moran. Crow and Clug, however, had been made aware of questionable sampling practices by locals, including Elias Garate, in early 2012 after Park conducted his site visit of Cobre Sur and Molle Huacan. Div. FOF 237. Daubeny's 43-101 report also flagged for Crow and Clug some of the same questionable sampling techniques such as "high grading" and deliberate sample contamination. Div. Ex. 581 at 22; Tr. 462:12-464:6.

X. All Investors were Accredited, understood the quick-to-production business model of Aurum, understood that it was a risky investment and that they could lose all their investment.

111. Every single investor in PanAm and Aurum were Accredited Investors. Resp. Ex. 38, 10.

Division Counterstatement: Resp. Exs. 10 and 38 are not evidence of an investor's accredited status. Rather, they are merely Aurum's one self-serving list of investors in Aurum and PanAm. Aurum provided no backups, such as tax returns, demonstrating that every single investor in PanAm and Aurum was an accredited investor.

112. All investors, without exception, were required to confirm their Accredited status and invest via counsel reviewed security purchase documents. See FoFs 111, 112. Res. Ex. 38.

Division Counterstatement: No dispute that many of the Aurum investors executed subscription documents with an "X" mark on the accredited status item. However, Respondents did not produce any subscription documents for some of the investors, including Dario Jaramillo and Christopher Leach.

113. All Investor testified that they understood that their investment was highly speculative. Ferolito, Page 1988, line 9: "Highly speculative". Melnick, Page 91, line 18, when asked if he understood Aurum was risky: "Yes". When asked if he understood that he could lose all his money: "Yes".

Division Counterstatement: Not all Aurum investors testified. No dispute that Ferolito testified that his Aurum investment was "highly speculative" and that Melnick testified that he understood he could lose all his money invested in Aurum "because of the nature of the investment." Tr. 92:20-23. In any event, Ferolito's testimony should be given little weight given his bias. His lengthy discourse on "stupid regulations on things" and "too much government" shows that he has extreme bias against compliance with government regulations, including the federal securities laws. See Division Counterstatement to Clug FOF 76.

114. Investors understood that Aurum had no intention of taking a large mining approach, and would aim for quick-to-production opportunities. Melnick, Page 110, line 9-18. Stern, Page 166, line 18.

Division Counterstatement: No dispute that investors may have understood from written materials that Aurum was pursuing quick-to-production mining model. However, Aurum's numerous representations to investors in multiple offering documents and other written materials also touted drilling and production capacities from 75 tons a day, up to 1,200 tons a day. See Division Counterstatement to Clug FOF 103.

115. Investors understood that public company standards such as those under NI-43101 standards did not apply to Aurum. Melnick, Page 111, line 21. Stern, Page 173, line 4-6.

Division Counterstatement: Neither Melnick's nor Stern's testimony support this statement. On direct, Melnick agreed that NI 43-101 standards "might not necessarily apply" to Aurum. Tr. 111:10-21. On cross, Melnick recalled that Aurum represented to investors that Aurum was trying to comply with the NI 43-101 standard. Tr. 126:1-7. Stern was shown Div. Ex. 350, a 46-page document, and asked "Nowhere in here does it talk about requiring a 43101 or doing any other studies; is that correct?" Stern replied "Correct." On cross, Stern was shown a reference to 43101 in Div. Ex. 350, and testified: "I just don't remember seeing this." Tr. 178-47.

116. Melnick, page 61, line 23. When asked about a projected potential return multiple listed in one of the documents: "I wasn't thinking it was going to be 40 times"

Division Counterstatement: Melnick answered "Yes" when asked: "And was the hope of receiving some kind of multiple on your initial investment something that you were, based on the PPM, something you were hoping for?" Tr. 62:3-7.

Y. All of the Aurum PPMs clearly informed potential investors on the high level of risks

associated with any investment in the company and that they should assume that any projections "WILL NOT" be met.

117. Only the PPMs were offering documents. None of the other documents that investors received were offering documents and were identified as such. For example, Div. Ex. 373, Business Plan: "This is not an offer to sell any security and any such offer can only be made through the appropriate documents"

Division Counterstatement: No dispute that the Business Plan in Div. Ex. 373 contains the quoted language. However, Div. Ex. 373 is clearly an email solicitation from Lana to Erich Menge, in which Crow and Clug were copied. The statement that non-PPM documents that investors received were not offering documents is not correct. Crow and Clug prepared these documents and used them to solicit investments in Aurum. Div. FOF 137-146; Div. Ex. 554.

118. There were numerous Disclosures and Risk Disclosures in PPMs including specific ones to Aurum were repeatedly communicated.

Resp. Ex 15, August 1, 2011 PPM:

a. We may withdraw, cancel or modify this Offering without advance notice to offerees.

b. We do not expect a public market to develop for the Class A Membership Units.

c. You may have to bear the economic risk of an investment in the Class A Membership Units for an indefinite period. You will be required to represent that you are familiar with and understand the terms of this Offering and that you have such knowledge and experience in financial and business matters so that you are capable of evaluating the merits and risks of your investment in the Class A Membership Units. See "Risk Factors," "Restrictions on Transfer of Securities," and "Investor Suitability Standards."

d. Access to the data room which contains due diligence materials has been provided to you and is available at: http://www.box.net/shared/5luyee0bu52rztti8ixn . See: "Additional Information" herein. However, any additional information or representations given or made by us in connection with this Offering, whether oral or written, are qualified in their entirety by the information in this Memorandum, including the risk factors.

e. Prior to making an investment decision regarding the Class A Membership Units, you should consult your own counsel, accountants and other advisors and carefully review and consider this entire Memorandum and all due diligence materials as you or your advisors may deem necessary.

f. The Managers are responsible for the management of the Company and have discretionary investment authority over the Company's assets.

g. The Company has entered into an Advisory Agreement and an Incentive Compensation Agreement with The Corsair Group Inc., which is owned by Alexandre Clug and Michael Crow.

h. The detailed Agreements can be found at http://www.box.net/shared/5luyee0bu52rztti8ixn *(These links are different throughout each document because they link to the specific documents being discussed in each paragraph thus making it easier for the reader to access them)*

i. To qualify for these exemptions you must represent to us in the subscription agreement that you are purchasing the Class A Membership Units for investment purposes only and not with a view to resale or distribution, and that you are prepared to bear the economic risk of your investment in the Class A

Membership Units for an indefinite period.

j. The purchase of the Class A Membership Units is speculative and involves a high degree of risk. Investors who cannot afford the loss of their entire investment should not purchase Class A Membership Units. (See "Risk Factors"). Among the more significant risks that may result in Class A Members suffering a loss on their investments are:

k. The business plan of Batalha JV is subject to a high degree of risk of failure and operates in a foreign country...Managers cannot accurately determine the amount of recoverable gold in the Initial Parcel...Gold operations are extremely risky and speculative.

l. The terms on which the Managers and the Advisory Company will be compensated by the Company were determined by the Managers, two of whom are the owners of the Advisory Company. No disinterested party has confirmed the fairness of those terms and there is no certainty that the Managers or the Advisory Company can fulfill its obligations.

m. There is risk that they (management) lack the experience, skill and ability to fulfill their obligations and execute successfully.

n. The Company is newly formed and has no operating history.

o. The Company is reliant on the Managers, Messrs Clug and Crow. The Managers may make decisions that reduce the cash available for Members of the Company or impair the ability of the company to achieve its full potential.

p. You must be an "accredited investor" as determined under Regulation D of the Securities Act.

q. The Company is including projections which are based upon its best estimates,

values and variables from its Brazil partner and other sources. No assurance can be given that these projections can or will be achieved.... See page 17 for major assumptions underlying these projections. See Risk Factors for discussion of factors that may materially affect these results.

r. Our actual results, both in terms of productivity and the requisite investments, may vary significantly from the projection, which does not have the benefit of any *in situ* production experience. The projection also assumed that the cost of materials and services that will be utilized in our operations remain stable. This is an assumption over which we, of course, have no control. The projection must be understood, therefore, as merely a statement of the results we would expect if all relevant conditions remain unchanged and our underlying assumptions about the future proved accurate. Because those expectations and projection are very seldom fulfilled, the projection must be understood as a model for the purpose of explanation rather than as a prediction of something that we expect to happen. It should be assumed that these projections WILL NOT be achieved and only a good faith effort on the part of management is expected. (WILL NOT was capitalized in original documents)

s. Despite the logic used to formulate the projection, the extent to which the future will correspond to the projection depends on the validity of a large number of assumptions that support the projection. If one or more of these assumptions proves to be materially inaccurate, our future operations will differ materially from the projection. In addition, the projection may fail as a predictor if events that we have failed to anticipate in the projection occur and affect our operations materially - events such as changing government policies in Brazil, theft,

catastrophes, management incompetence, and labor interruptions that we can dread but not effectively control.

t. THE PURCHASE OF THE SECURITIES OFFERED HEREBY INVOLVES A HIGH DEGREE OF RISK AND IS SUITABLE ONLY FOR PERSONS WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENT AND WHO HAVE THE FINANCIAL RESOURCES SUFFICIENT TO ASSUME SUCH RISK.

u. ***The results of an investment in a Class A Membership Unit will depend on the ability of the Managers to secure additional financing.***

v. A failure to obtain adequate funding could require management of Batalha JV to revise its business model and curtail any expansion. If operating cash flow and new financing are not sufficient to meet working capital requirements, the business would be adversely affected and may not be able to stay in operation.

w. ***We are a start-up operation with no operating history and no revenues to date.***

x. It cannot be guaranteed that the enterprise will ever be profitable.

y. ***The projections included in this Private Offering Memorandum are based on a series of assumptions which may not prove to be accurate.*** The projections for returns and distributions on a Class A Membership Interest shown in this Private Offering Memorandum are intended to be illustrative of potential returns under a set of assumptions, which may not correctly reflect future conditions....Because of the unusual degree of uncertainty surrounding these factors, investors are encouraged not to rely on the returns and distributions shown in the projections.

z. ***The Class A Membership Interests will not be registered with any authority.***

aa. ***Our business may be affected by political and constitutional uncertainty in Brazil.***

bb. ***There will be no market for the Class A Membership Interests and any investment may be considered to be illiquid***

cc. An investment in the Company involves a substantial degree of risk. Further, transfer of the Class A Membership Units is restricted by the terms of the Company Agreement and applicable federal and state securities laws. No public market for the Class A Membership Units exists. The suitability standards described below represent minimum suitability requirements. Even if you satisfy these standards, the Class A Membership Units may not necessarily be a suitable investment for you.

dd. *Investor* is able to bear the economic risk of a complete loss of his entire investment in the securities offered hereby.

Division Counterstatement: No dispute that the Aurum PPMs contained certain risk disclosures and that the August 2011 PPM (Resp. Ex. 15) contained the disclosures outlined in Clug FOF 118.

119. Even many of the documents that were not offers to purchase any securities had risk disclosures.

a. For Example, Aurum Mining Business Plan May 2012 (Div. Ex. 373) – On cash flow projections: "...no guarantees can be given that those returns will be obtained." And: production. Our actual results, both in terms of productivity and the requisite investments, may vary significantly from the projection. The projection also assumed that the cost of materials and services that will be utilized in our operations remain stable. This is an assumption over which we, of

course, have no control. The projections must be understood, therefore, as merely a statement of the results we would expect if all relevant conditions remain unchanged and our underlying assumptions about the future proved accurate.

Despite the logic used to formulate the projection, the extent to which the future will correspond to the projection depends on the validity of a large number of assumptions that support the projection. If one or more of these assumptions proves to be materially inaccurate, our future operations will differ materially from the projection. In addition, the projections may fail as a predictor if events that we have failed to anticipate in the projection occur and affect our operations materially...

It is quite possible that one or more of the properties will not work out...

The business plan of Aurum is subject to a high degree of risk of failure and it should be noted that it operates in foreign countries.

However, gold operations are speculative.

There are risks associated with any investment, and any investor needs to fully read and understand the risks contained in the Investor document as well as determine the suitability of the investment with respect to his or her unique situation. This is not an offer to sell any security and any such offer can only be made through the appropriate documents...

There are risks associated with any investment, and any investor needs to fully read and understand the risks contained in the Investor document as well as determine the suitability of the investment with respect to his or her unique situation.

This is not an offer to sell any security and any such offer can only be made through the appropriate documents and only when counsel has determined that the offering is compliant with applicable exemptions from registration and blue sky laws. All information contained herein is confidential and may not be disclosed or transmitted to any party without prior written approval from Aurum or Corsair. Neither The Corsair Group LLC nor Aurum Mining LLC (both "Aurum") make any representations nor give any warranties in relation to this Presentation and disclaim all responsibility in relation thereto and for any consequences arising from the recipient investing as a result of matters disclosed hereby. This Presentation contains statements, opinions and matters, the truth, accuracy or completeness of which is not assured or warranted and no responsibility or liability is accepted by Aurum, its related bodies corporate and its officers and advisers for any reliance placed on this Presentation, or parts thereof, by the recipient in any respect whatsoever. To the fullest extent permitted by law, Aurum excludes all responsibility or liability (including in negligence) for and in connection with, any act or omission, directly or indirectly by the recipient in reliance on the disclosed material. To the fullest extent permitted by law, Aurum excludes all responsibility or liability (including in negligence) for any cost, expense, loss or other liability, directly or indirectly, arising from, or in connection with, any omission from or defects in, or any failure to correct any information, in this Presentation or any other communication (whether oral or written) about or concerning Aurum or its related bodies corporate. Neither Aurum nor its officers, directors, advisers, associates or affiliates guarantee or make any representation as to the success of

any investment. The provision of this Presentation is not and should not be considered as a recommendation in relation to an investment, or that an investment is a suitable investment for the recipient. The recipient should not rely on the contents of this Presentation and should undertake his, her or its own enquiries and seek advice from its financial or other professional advisers before investing. This Presentation does not purport to provide all of the information the recipient may require in order to evaluate an investment. The recipient should make his, her or its own enquiries and evaluations, as he, she or it deems necessary to verify the information contained in the Presentation and to determine the suitability of an investment. The delivery of this Presentation does not, under any circumstances, imply that the affairs of Aurum or prospects of an investment, or any information affecting it have been fully or correctly stated in this Presentation, or that they have not changed since the date of this Presentation, or since the date at which the information is expressed to be applicable. No responsibility or liability (including in negligence) is assumed by Aurum for updating any such information or to inform the recipient of any new information of which Aurum may become aware in relation to an investment. This Presentation does not constitute, and may not be used for the purposes of, an offer or solicitation in any jurisdiction or in circumstances in which such offer or solicitation is not authorized. No person receiving a copy of this Presentation in any jurisdiction may treat it as constituting an invitation to that person to invest.

Division Counterstatement: No dispute that Div. Ex. 373 contained the disclosures outlined in Clug FOF 119. However, the statement in Clug FOF 119 that the Aurum Business Plan was "not an offer to purchase" is not correct. See Division Counterstatement to Clug FOF 117.

120. The following table summarizes the Aurum PPM investments: (Resp. Ex. 38, 5, 15, 17, 73, 74, 14)

EVENT	Raised	Date	Notes
Convertible Note - $200K	$250,000	May/June 2011	9 investors. Convertible Note given to investors did not have Closing Conditions Conversion anytime at Holder's choice upon Close (financing and acquisition of Batalha), OR Feb 24, 2012, at election of Holders. All investors elected to Convert into A Units at 50% discount in Jan 2012.
PPM Aug 1 2011 - $2M	$115,000	Aug/Sep 2011	PPM w/ Closing Condtions & Michael SEC issues not disclosed 7 investors - ALL later signed Amendment accepting new PPM (Dec 31 2011) that had additional Disclosures, and to continue their investment They all understood that they could receive their funds back.
Aurum PPM Dec 31 2011 Update Letter (w/ signed amendment at end)	N/A		All investors in the Aug 1 2011 PPM approved and signed an Amendment asking if they wanted to stay invested and approved new Dec PPM that had only $250K closing condtions, more Disclosures on Mr. Crow etc.
PPM Dec 31 2011 - $2M	$1,885,000	Mar-Sep 2012	Updated PPM w/ no Closing Conditions (except min of $250K) and Michael Crow 2008 SEC disclosed. Refers to Closing Conditions but actually does not have any (except min $250K)
PPM Sep 15 2012 - $1M	$599,000	Sep 2012-Jan 2013	7 Investors. No Closing conditions. Michael's 2008 SEC issue still disclosed + bankruptcy
PPM Jan 1 2013 - $1M	$1,047,715	Feb 2013-Nov 2013	7 Investors. No Closing conditions. Michael's 2008 SEC issue still disclosed + bankruptcy

Division Counterstatement: This summary contains inaccuracies and does not truly reflect how the Aurum offering transpired. No dispute on the Convertible Note section. The December 2011 PPM Update Letter had no disclosures on Crow. Div. Ex. 218. Rather, it represented that the August 2011 PPM closing conditions had been satisfied and urged investors to continue their investments in Aurum by falsely representing to them that Aurum had satisfied the August 2011 closing conditions. Div. FOF 148, 150, 185-201. The December 2011 PPM did not disclose Crow's bankruptcy and SEC cases; it only refered investors to the data room for "discussions on any past litigation" concerning Aurum's managers. Div. Exs. 314 at 10; 346 at 10. In addition, the $3,896,715 total amount raised on this chart is inconsistent with the $3,995,775 Aurum actually obtained from investors. Div. Ex. 2A at 4 (Celamy Ex. 1). Furthermore, the dates reflected on the table do not exactly reflect the dates Aurum obtained money from the investors. Div. Ex. 2A at 4 (Celamy Ex. 1). Nor do they reflect that dates Aurum used the offering documents to solicit investors. For instance, Clug forwarded the outdated August 2011 PPM to Lana in February 2013 to solicit Benny Menendez for additional investment in Aurum. Div. Ex. 547.

121. Aurum's Counsel, Brantl did first draft of all PPMs. Lana also reviewed all of them. Page 947 line 19-20. Page 975, line 16-18. Page 1671, line 23-24. Page 1712, line 12-13. Page 1751, line 17-18. Page 1787, line15-16. Page 1891, line 17 to page 1892, line 9.

Division Counterstatement: The testimony of Crow and Clug that Brantl drafted and reviewed PPMs is not credible and is not supported by the evidence. Brantl is never copied in the many emails between Crow and Clug discussing draft PPMs. Div. Ex. 64 at 2 (6.27.11 Clug to Crow email: "Please look at [August 2011] PPM draft when you have time. Attached with my comments after a quick review."); Div. ex. 124 (11.6.11 Crow to Clug email: "I went thru the whole [December 2011] PPM"); Div. Ex. 125

122. The Aurum Dec 31, 2011 PPM made disclosures regards Crow's past: "Backgrounds of Messrs Clug, Lana and Crow can be found in this document and at http://www.box.net/shared/xgms3l2cyem6vdkdegbf including discussion of past litigation for Mr. Crow regarding his 2008 litigation with the SEC over an investment and ownership of a broker dealer without the requisite securities license and subsequent bankruptcy upon the financial meltdown of 2008. See Resp. Ex. 15, page 9.

Division Counterstatement: Resp. Ex. 15 appears to be a draft document and there is no evidence that the December 2011 PPM in the form of Resp. Ex. 15 was ever sent to any investors. The draft of the December 2011 PPM that Crow and Clug circulated between themselves also contained no reference to Crow's prior SEC cases or bankruptcy. Div. Ex. 124 at 11, 22-23; The December 2011 PPM that was in fact provided to investors contains only that "[b]ackgrounds of Messrs Clug, Lana and Crow can be found in this document and at http://www.box.net/shared/xgms312cyem6vdkdegbf including discussion of any past litigation." Div. Ex. 314 at 10; Div. Ex. 346 at 10.

123. The Aurum Sep 15 2012 PPM disclosed Crow's past (Resp. Ex. 73, page 8):

Backgrounds of Messrs Clug, Lana and Crow can be found in this document and at https://www.box.com/s/oxz1t3d6hl8k9rrx45a5 including discussion of Mr. Crow's 2008 litigation with the SEC over an investment and ownership of a broker dealer without the requisite securities license and subsequent bankruptcy following the financial meltdown of 2008.

Division Counterstatement: The September 2012 PPM only referred investors to the data room for a "discussion of Mr. Crow's 2008 litigation with the SEC over an investment and ownership of a broker dealer without the requisite securities license and subsequent bankruptcy following the financial meltdown of 2008." Div. Ex. 469 at 8. These disclosures are not sufficient because they do not fully describe Crow's SEC cases, and the fact that his bankruptcy filing was not caused by "the financial meltdown of 2008" but rather by the $7.2 million District Court judgment combined with Crow's disastrous business activities. Div.

FOF 1-15.

124. The Aurum Jan 1 2013 PPM disclosed Crow's past (Resp. Ex. 74 page 8):

> Backgrounds of Messrs Clug, Lana and Crow can be found in this document and at https://www.box.com/s/oxz1t3d6hl8k9rrx45a5 (password supplied separately) including discussion of Mr. Crow's 2008 litigation with the SEC over an investment and ownership of a broker dealer without the requisite securities license and subsequent bankruptcy following the financial meltdown of 2008.

Division Counterstatement: The January 2013 PPM only referred investors to the data room for a "discussion of Mr. Crow's 2008 litigation with the SEC over an investment and ownership of a broker dealer without the requisite securities license and subsequent bankruptcy following the financial meltdown of 2008." Div. Ex. 577 at 9. See also Division Counterstatement to Clug FOF 123. Daubeny testified that he saw nothing in the data room that disclosed Crow's SEC background. Tr. 370:7-9.

Z. Clug and Crow's compensation was clearly and consistently disclosed to all potential investors.

125. All of the Aurum PPMs disclosed how Clug and Crow and Corsair would be compensated and direct access to all the original documents were provided. Resp. Ex. 5, 15, 73, 74. For example:

a. August 1, 2011 PPM. Resp. Ex. 5, page 7:

> The Company has entered into an Advisory Agreement and an Incentive Compensation Agreement with The Corsair Group Inc., which is owned by Alexandre Clug and Michael Crow.... The Corsair Group can also earn incentive compensation for future acquisitions. The detailed Agreements can be found at http://www.box.net/shared/5luyee0bu52rztti8ixn .

Division Counterstatement: There is no evidence that the data room contained the Advisory Agreement and Incentive Compensation Agreement. Nothing in Aurum's PPMs disclosed the extent to which Crow and Clug were enriching themselves at the

expense of investors. Instead, Crow and Clug concealed the amounts of investor proceeds they were spending on themselves by omitting discussions of their personal expenditures in the quarterly updates to investors and by failing to provide audited and unaudited financials promised to investors. Div. Ex. 651 at 2 (Aurum "does not have completed financial statements"); Tr. 319:1-25 (Weissman).

126. Investors were informed about the compensation being received by the managers and not a single one criticized it.

Hollander, Page 1569, line 5-8.

Lana, Page 948:

Question: What is this paragraph describing, sir?

Answer: It's regarding certain compensation pursuant to the incentive compensation agreement between Corsair and Aurum.

Question: Were you aware of this agreement during the course of your discussions with investors?

Answer: Yes.

Question: Was it disclosed to investors what the compensation agreement was? Answer: Yes.

Question: In your mind, was the compensation fair and adequate for the work that was being conducted by Corsair by Mr. Clug and Mr. Crow?

Answer: Yeah. I thought it was reasonable.

Question: Did any of your investors ever complain about the compensation agreement?

Answer: No.

Division Counterstatement: There is no evidence that all of the investors were made aware of how much of their money Crow and Clug were pocketing. In fact, Crow and Clug concealed from the convertible notes investors that they were using nearly half of the $250,000 notes proceeds to compensate themselves. Crow and Clug also concealed from investors the amounts by which they were benefitting themselves by failing to provide audited and unaudited financials promised to investors. Div. Ex. 651 at 2 (Aurum "does

not have completed financial statements"). In fact, when confronted about the issue, Clug lied about it. Div. FOF 317. Weissman, who made repeated demands for the financials, testified that he asked about the amount of money Crow and Clug were taking out of Aurum at the investor meeting in Florida and was told that "they had not received any money out of the partnership" and that "they were putting money in." Tr. 322:4-24 (Weissman).

AA. The Managers used on online data room to continuously keep investors informed and mining reports, mining plans, maps, financial models, audits etc.

127. The Aurum managers used differing links to their data room in their various communications with investors and potential investors with the goal of making it easier for readers. The links would take them directly to whatever was being referred to. See Div. FoF 375.

Division Counterstatement: In their offering materials, Crow and Clug made inconsistent representations about the data room; sometimes it was not referred to, or it was referred to without an Internet address, and when an address was provided it changed from document to document. Div. FOF 375. There is no evidence that the reason for the constantly changed or missing Internet addresses was done "with the goal of making it easier for readers."

128. For example, in the 3rd Quarter update letter (Resp. Ex. 146) the first link (https://www.box.com/s/bay8qvqh59pn9phosn1c) took readers directly to a master link that would have all of the projects' files in it. A second, different link in the text (https://www.box.com/s/y5rxgzowxoj4h5ptexuo), would take them directly to the metallurgy tests and reports which was the subject being discussed in that particular paragraph. A third link (https://www.box.com/s/672u8vktfg6sdyqvrb0c) would take the readers directly to all the files related specifically to the Molle Huacan project as that was the subject of that particular paragraph. Resp. Ex. 187.

Division Counterstatement: There is no evidence that the so-called master link in the data room contained "all of the projects' files" or that the third link contained "all the files related specifically to the Molle Huacan project." The Aurum 2012 Q3 report was dated November 5, 2012, nearly a month after Crow and Clug had received Park's report, which they

concealed from investors and independent geologists. Div. FOF 163, 239; Tr. 365:13-366-22.

129. Aurum management consistently provided as many documents as practical to all its investors in a timely manner. The Daubeny Molle Huacan NI-43101 report, which was dated May 24 2013, for example, was provided in the 1st Quarter 2013 Update letter (Resp. Ex. 148) by a direct link to it: https://www.box.com/s/ophabqga6y84hochjz7l. (Note that as of Sep 30, 2015, this link still works).

Division Counterstatement: On numerous occasions, Crow and Clug failed to provide critical documents to all its investors in a timely manner. The failure to provide the Park and Daubeny reports is one case in point. Div. FOF 320. Another is the failure to provide financial statements to investors despite repeated demands by investors. Div. Ex. 651 at 2; Tr. 322:4-10; 330:1-331:12 (Weissman testified that he "asked many times after that meeting," "never got anything until months later," and ultimately received a Spanish-language document). Crow and Clug also did not provide Aurum's 2013 Q1 report to investors; Clug only sent the report to only two of the investors. Div. Ex. 592. Crow and Clug ceased providing any further updates to investors, until June 2015 when they sent a letter to investors, pitching Alta Gold as the "new success for Aurum" and urging investors to come forward "to testify and support us" at the hearing. Div. Ex. 737. Furthermore, there is no evidence that Daubeny's report ever made it to the data room.

130. As the business developed and extremely confidential information was being placed in the Aurum online data room, Clug and Crow decided to implement a password protection feature. This was coincidentally triggered by someone downloading a press release on Crow. Page 2008, line 5 thru page 2009, line 16.

Division Counterstatement: Crow and Clug's decision to implement a password protection feature was not mere coincidence. There is no mention of the need to protect any "extremely confidential information" in the email exchange between Crow and Clug in which they decided to add a password. Div. Ex. 470.

131. Resp. Ex. 149, Aurum Q4 2012 update letter – supplement – Written again by Aurum counsel, Brantl, again clarified many risk factors. See FoFs 121, 71.

Division Counterstatement: There is no evidence indicating that Resp. Ex. 149 was written by Brantl.

operations in Peru.

132. Lana: Page 976, line 8-19. Lana asked by Clug/Crow many times to come see operations in Peru.

Division Counterstatement: Lana testified that it was "a few times." Tr. 976:11-13.

133. Lana: Page 833, line 13. Lana had access and visibility of Aurum accounts

Division Counterstatement: Lana testified that he asked Clug for "access to the bank statements in order to record the transactions" and that he "was given access to them at some point." Tr. 833:9-13. Lana had no authority or control over the Aurum accounts and was virtually clueless on the disposition of the funds in the account. Div. FOF 40-42.

134. Div Ex. 696. No funds were raised from this Draft Term Sheet. It was a 'Proposed' Term sheet even showing all the corrections/marks on that draft. The Term Sheet also states that it is NOT an offer to Purchase Securities.

Division Counterstatement: No dispute that Div. Ex. 696 was a draft and that it states "This Term Sheet is not an offer to Purchase Securities."

BB. The Molle Huacan mine did go into production and its processing plant did go into operations.

135. Mining operations did occur at Molle Huacan. Production is considered the actual gathering of mineral versus processing which is the work done on the mineral in order to extract the gold. (Clug: Page 1715, line 20-22). Witness Hollander who had visited Molle Huacan testified that indeed Molle Huacan had active mining and plant processing operations going on. Hollander: Page 1526-1531, (Resp. Ex Pic 7, 13, 20, 16, 9, 14, 15) and page 1532-1534 (Resp. Ex. Vid 2,3,6,8,9) all these pictures and videos show a working mine and processing plant.

Division Counterstatement: Clug's own definition of what constitutes production is in stark contrast with the production activities represented to investors in numerous documents. Div. FOF 158-165. Hollander's testimony is not reliable as he lacks any geological qualification to assess gold production activities. Tr. 1546:23-9. There is no independent verification that site Hollander visited was actually Molle Huacan and that the processing plants were actually owned or operated by Aurum and not third parties in Peru.

136. Gold was mined, processed and sold at Molle Huacan. Resp. Ex. 9.

Division Counterstatement: There is no evidence that gold was ever mined, processed and sold at Molle Huacan. There is no independent verification that that dore bar in Resp. Ex. 9 actually came from Molle Huacan. Div. FOF 321.

137. Resp. Ex. 30, 'Aurum Peru Financials thru Oct 2013', is an example showing the extensive list of equipment and supplies needed, purchased and used (see Tab "Propiedades Planta y Equipo") to move Molle Hucan to production and build a processing plant.

Division Counterstatement: Resp. Ex. 30 was offered, but not admitted into evidence.

CC. The Managers informed its investors in a timely manner when there were changes or issues with the business.

For example:

Cobre Sur.

138. Around May 16, 2012 management and its engineers completed their testing and report on Cobre Sur. Resp. Ex. 150, 151, 42 (email dated May 16th from Park stating that he had just received the Copper results from the Lab). The next communication to

investors was the Aurum Q2 Update letter (Resp. Ex. 29) and Management stated: "Our testing on this property has been disappointing" and recommended giving it up.

Division Counterstatement: Resp. Ex. 150 is a report dated May 1, 2012, concluding that gold was not economic and copper was low at Cobre Sur. Resp. Ex. 151 was not admitted into evidence. Resp. Ex. 42 is an email dated May 16, 2012 from Park to Clug and Crow

informing them that the copper test results from the re-runs on the Cobre Sur samples were not encouraging. However, the emails between Park, Crow and Clug demonstrate that testing had been completed on Cobre Sur prior to April 16, 2012, when the test results started coming in. Div. Exs. 604; 384. On April 17, 2012, Park received the gold test results, which he provided to Crow and Clug, telling them that he had a meeting with the engineering group that was going to perform the resource calculation and "it was decided to shelve the project for lack of grade." Div. Ex. 604-3. Less than 2 hours after Clug wrote to Crow and Paul Luna that Cobre Sur was a "write-off," Clug solicited an investor using the December 2011 PPM and the Aurum 2012 Q1 update letter dated April 16, 2012 containing the rosy projections on Cobre Sur. Div. Exs. 384; 385. The Aurum 2012 Q2 update (Resp. Ex. 29) is dated July 24, 2012. Crow, Clug and Lana had numerous communications with investors between May 16, 2012 and July 24, 2012, including Keith Ullrich who invested $50,000 on May 31, 2012. Div. Exs. 2A-4; 385; 399; 409; 410; 429; 435.

a. Lana had begun sending out the Q1 2012 Update letter around April 16 2012, well before May 16, 2012. Resp. Ex. 188, 1-e (Lana emails to investors with Q1 2012 Update letter attached).

   Division Counterstatement: Lana emailed the 2012 Q1 update letter to three investors, including Simon Stern, on April 19, 2012. Resp. Exs. 188c-e.

b. Div. Ex. 604. Email from Park on initial poor testing results on samples taken. His email then states:

   "The only way to improve the situation is take the risk to drive drift along the vein underground, ie, start mining, beginning at the known ore shoots where you may find several meters of vein length at >30 g/t Au where informales had been mining..."

   This was Aurum's business model so an Aurum team was sent out, per Park recommendations, to do more tests and came back, later, with recommendation to not proceed. Resp. Ex. 150b. Five of 52 samples taken by Park were over 5g/ton which definitely showed gold was present. Aurum thus sent its team to do further testing per Park's recommendation on possibility of 'start mining, beginning at the known ore shoots...."

Division Counterstatement: No dispute that Park's email stated as quoted. However, Park's recommendation was not to perform further test for gold, as he had already informed Crow and Clug that gold test results were dismal. In fact, Park only took 9 samples, which "came back really low, highest was 0.9 g/t Au." Div. Ex. 604-2.

c. Also, Cobre Sur still had the potential to be a large Copper mine since it was near one of the region's largest copper mines (Clug: Page 1812, line 25 – 1813, line 7) so testing was done on that as well. As of May 15, management did not yet have the results back – Div Ex 604.

Division Counterstatement: Management already knew that "copper potential is also low" based on the May 1, 2012 report. Resp. Ex. 150b. In fact, when Park wrote to Clug on May 16 that the copper test results from the re-runs were not encouraging, Clug replied: "We got the same results on our other samples." Div. Ex. 604-7. That same day, Clug forwarded Park's email to Crow, stating "no surprise based on our sampling.....Looks like a write off." Div. FOF 223.

d. Senior Geologist for Aurum, Garate, recommended to not move forward with Cobre Sur project also demonstrating that he did also report results when they were not positive. Resp. Ex. 150b.

Division Counterstatement: Even though Resp. Ex. 150b contains negative conclusions on the prospects of gold and copper on Cobre Sur, it does not recommend against moving forward.

e. Park testified that as of May 16 2012 he had not yet formed a final conclusion or anything awaiting the rest of the sample data. Park, Page 530, line 14-21.

Division Response: No dispute.

Brazil.

139. During the beginning of 2012, despite having executed the Dec 2011 Batalha JV agreement, Aurum management was still in discussions with its Brazil JV partners on how to possibly best move forward as the Brazil partners were not performing on their commitments per the agreement (Raiss, Page 1596, line 8-9).

The Aurum Q1 2012 Update letter (Resp. Ex. 28) explained this. The Aurum Q2 2012 Update letter (Resp. Ex. 29) stated:

"We have not yet been able to resolve our differences with our local Brazil partner.... We are looking at our options, but one of them is to do nothing at this point..."

Division Counterstatement: During the beginning of 2012, Crow and Clug already knew that the Batalha project was a disaster. Div. FOF 204. Resp. Ex. 28, which is dated May 1, 2012, did not disclose the salient facts known to Crow and Clug, including that: Aurum had failed to meet its required funding of $750,000 (Div. FOF 178); Brazilian counsel had informed them that there was no proof that the Batalha JV had mining rights (Div. FOF 173); and Raiss and Crow had agreed on Aurum's non-continuation in the Batalha project (Div. FOF 206). Nor did Resp. Ex. 29, dated July 24, 2012, disclose any of these critical facts.

140. The issues were communicated to Investors and they were aware of these.

Stern, Page 148, line 7-22 – Stern was making an investment into Aurum in April 2012 and knew that Brazil was not working out – "...Brazil didn't pan out.."

Division Counterstatement: No dispute that Stern testified that "Brazil didn't pan out for some reason." However, the materials used to solicit Stern, including the Aurum 2012 Q1 update letter dated April 16, 2012 and the Corsair Business Plan contained baseless projections for the Brazil/Batalha project. Div. Ex. 350. In addition, the Batalha issues were not timely and accurately communicated to investors as noted in Division Counterstatement to Clug FOF 139.

Molle Huacan.

141. When there were issues with the Molle Huacan processing plant production and the fact that Crow had opened another plant, Clug informed investors resulting in a restructuring of the business. Div. Ex. 799.

Division Counterstatement: No dispute that Aurum communicated to investors that there were issues with the Molle Huacan plant production in early 2014. Div. FOF 321-327. Clug knew that Crow was working on constructing the Huamachuco processing plant in Nothern Peru, near Trujillo, as early as August 2013, but kept investors in the dark until early 2014. Div. Ex. 606. No dispute that Clug and a select group of investors negotiated and executed an agreement governing Crow's future role with Aurum sometime in April 2014. Div. FOF 354-358.

142. Clug also communicated with investors on the problems that the project

encountered. For example, Hollander, Page 1552, line 17 – 22 – "I mean, there's always been issues, and it's always been communicated." Hollander, Page 1562, line 13-17 – Clug informed Hollander that Crow had opened another processing plant. Hollander, Page 1542, line 17-18 "...Alex was pretty good about letting everyone know what was going on."

Division Counterstatement: There were multiple problems facing the Molle Huacan project that Clug did not communicate to investors. For instance, in December 2011, Paul Luna alerted Crow and Clug about the low gold grades and strong potential for copper dilution of gold contents at Molle Huacan and recommended another concession instead. Div. FOF 209; Div Ex. 186. Crow and Clug concealed this information from investors. FOF. Clug also did not tell investors that one of the Molle Huacan concessions was in a suspended status because it overlapped a restricted area. Div. Ex. 186. No dispute that Hollander testified to the statements attributed to him in Clug FOF 142.

DD. Aurum did 'own' Molle Huacan and Cobre Sur.

143. Aurum did own, under commonly accepted standards, the Molle Huacan and Cobre Sur properties. Resp. Ex. 40 (Molle Huacan Option Contract.). Resp. Ex. 39 (Cobre Sur Option Contract). Resp. Ex. 181 (Mining Contracts in Peru – Legal Opinion): "Option agreements are normally used by Junior Mining Companies aiming to explore and open up a mine, agreeing on making payments over time to limit their risk/exposure. This way the future obligations is not a note or long term – fixed obligation.

Option agreements normally include the assignment of all the possession and exploitation rights during the option period and therefore are often referred to by Junior Mining Companies as having acquired the possession rights and exploitation rights during this period.

Option Agreements are normally used in Peru when Junior Mining Companies are interested in acquiring mining properties and concessions."

Division Counterstatement: The Cobre Sur and Molle Huacan contracts clearly state that what Aurum had bargained for and obtained was an option, and that, if Aurum Peru was interested in acquiring title to the concessions, Aurum Peru would have to meet substantial payments and a new contract would have to be executed to transfer title to Aurum Peru. Div. FOF 212; Div. Exs. 302 at 5-6; 336 at 3

144. Clug and Crow were very clear with investors on how they owned Molle Huacan and Cobre Sur. The original contracts were available in the data room for all investors and, as an example, in the 2nd Quarter 2012 Update letter management is clear on how the concessions were owned in Peru by including the word 'rights' in parentheses. Quoting: "...has acquired other mining concessions ("rights") in Peru..."

Division Counterstatement: To the contrary, Crow and Clug misled investors about Aurum's ownership in Molle Huacan and Cobre Sur. Aurum's PPMs and other written materials provided to investors all represented that Aurum actually owned Molle Huacan and Cobre Sur when Crow and Clug knew that Aurum had not acquired title to the properties; rather it had obtained an option to acquire the properties. Div. FOF 211-212. The original contracts were in Spanish and two investors (Hollander and Stern) testified that they never heard of the data room. Div. FOF 381-382. Another investor (Melnick) testified that he had heard of data room but could not access it. Div FOF 380.

EE. The Park report was not discussed in an investor update letter as it would have been misleading.

145. Div. Ex. 490. Crow and Clug discuss whether to include the outdated Park report on Molle Huacan. Crow stated in his email to Clug: "...we can have him amend his report inexpensively with new test data and samples in channel along wide vein...". Crow: Page 1182, line 13 to page 1184, line 10. This again demonstrates why the Park report was not included – it was outdated and did not include months' of work that had been completed since that one day visit had been performed.

Division Counterstatement: Crow and Clug's decision to conceal the report was based on their worry that an investor might view Park's conclusion that Molle Huacan was an exploration target with small tonnage potential and not ready for production as rather negative. Div. FOF 239-240. Daubeny's findings on Molle Huacan underscored the

validity of Park's conclusion and also demonstrated that the "months' of work" that Crow and Clug purported had been completed after Park's visit essentially changed nothing. Div. FOF 252, 257-258.

FF. Aurum's quick-to-production mining business model is a widely used and valid one.

146. Park testifies that one could begin small production immediately and quickly while exploring and without drilling. Page 1242, line 6-11.

Division Counterstatement: Park's cited testimony relates to another property he worked on for 2 or 3 years "with the idea of developing a 50-ton-a-day production" and, by production, Park meant "taking out vein material which had an average grade of probably half an ounce of gold" while drifting along the vein. Tr. 1241:11-1242:5

147. Park testified that he recently had a client that purchased a small artisanal gold mine with the goal to put it immediately to production and quickly ramp up its volumes.

Park, Page 1243, line 14 to Page 1244, line 8.

Division's Counterstatement: Park testified that "The miner was working the mine, it was producing probably on the order of less than two tons per day and the client's idea is to ramp up production to around 20 to 30 tons a day." Tr. 1244:4-8.

148. Moran agreed that drifting the vein is a common way for miners to produce and explore as they go. Moran Page 726, line 21-26 and Page 727, line 1-15.

Division Response: No dispute.

GG. Unable to get a single investor complaint the Division was required to use a coached non-investor witness, Richard Weissman. All investors had been made more than aware by this SEC process of every possible negative allegation against the Respondents. Yet not one single investor complaint has been made to this date.

149. The Division, despite countless phone calls, visits, subpoenas, interviews, never received one single investor complaint.

Stern, Page 171, line 4-10;

Melnick, Page 86, line 1 to Page 87, line 3.

Melnick, Page 85, line 23: "I met him (Stoelting) in an office of mine").

Melnick, Page 86, line 4-14 – Division initiated contact with him;

Question: Did you ever file a complaint with the Securities...against any of the Respondents.

Answer: No.

Crow, Page 1446, line 13-18 – Crow testified that he was told by an investor, Chris Leach, that Leach was being pressured to testify and make statements.

Division Counterstatement: This FOF does not define the term "complaint." In discussions with Aurum investors during the investigation, the staff had contact with investors, some of whom made statements that could be characterized as complaints.

150. The Division was thus reduced to using Mr. Weissman, someone who was not an investor (Resp. Ex. 38), as their only potential hostile witness who had never wanted to invest, nor have his wife's inheritance potentially reduced by his father-in-law's investments - even after his father-in-law had personally gifted him $100,000. Page 342, line 14 -16.

Stern, Page 176, line 7-20:

Question: Did he invest in either PanAm or Aurum?

Answer: I gave Mr. Weissman a hundred thousand dollars. I didn't give it to him. I gave it to my daughter to invest a hundred thousand dollars for the kids; in other words, to boost their inheritance. And somehow he got a little bit involved in it, and he not an owner of the stock. The stock is in a separate company that she owns, as I understand. And -- he's done nothing but badmouth the situation to me ever since it occurred. He wasn't happy prior to giving him this hundred thousand dollars to invest, I loaned him a hundred thousand dollars because he had bought a new house or a house that was done with

Chinese wallboard.

Division Counterstatement: Weissman was a member of MWR Purchasing Group, the entity that invested in Aurum, and he was "the one that dealt with this investment." Tr. 342:9-13.

151. Weissman was coached by the Division and was on a first name basis with the Division's lead counsel – Weissman, Page 339, line 5-25.

Question: Let me ask you: Before you came here to testify, did you meet with anybody from the SEC to prepare?

Answer: Yes.

Question: Who did you meet with?

Answer: David.

Division Counterstatement: No dispute that Weissman gave this testimony.
The statement that "Weissman was coached by the Division" is entirely baseless.

152. Weissman is a non-credible witness as shown by his openly hostile position and his statements that have been out rightly contradicted by one or both of the other two witnesses, Hollander and Lana, that were present at the meeting in Florida in November 2013 that Weissman testified about. Examples follow:

Weissman stated that "..he *(Alex)* was asking investors for money.." (Page 320, line 5-6).

Contradicted by Lana: "I don't recall that." (when asked if Clug asked for money). Lana, Page 900, line 5.

Contradicted by Hollander: Question: Did Mr. Clug try to solicit any money from investors at that meeting - Answer "No". Page 1537, line 24 to 1538, line 12.

Weissman stated that at the meeting he had asked Paul Hollander if he saw any activity during his visit to the Molle Huacan mine and Weissman said: "He said he did not see any activity." Page 341, line 12.

Contradicted by Hollander: Page 1526-1531, (Resp. Ex. Pic 7, 13, 20, 16, 9, 14, 15) and

page 1532-1534 (Resp. Ex. Vid 2,3,6,8,9).

Weissman stated that Clug and Lana talked about an IPO in Canada, Reverse Merger etc. Page 347, line 1-20.

Contradicted by Lana Page 901, line 12-14:

Question: Did he [Alex] say anything about a future initial public offering?

Answer: No. I don't recall that.

Question: Did you say anything about an initial public offering?

Answer: Absolutely not.

Division Counterstatement: Weissman is a credible witness whose testimony should be given great weight. It is clear from his testimony that he was active at the investor meeting, being vocal and asking the right questions of Clug and Lana. Tr. 319:1-321:23. Weissman is likely to have a more reliable recollection of what transpired at the meeting than Lana, whose "I don't recall" does not amount to a denial or Hollander, who did not seem to have been actively engaged at the meeting.

153. Weissman says he went in detail through the data room and said he never received financials or anything yet Peru financials and BDO audit were in there. Page 344, line 23; page 345, line 5. Resp. Ex. 187.

Division Counterstatement: There is no evidence that Aurum provided any financial statement in the data room. Weissman, who found no financial disclosures in the data room, made repeated demands for financial records. Tr. 322:4-10; 330:1-11; 344:16-20.

154. Weissman was curiously very clear on his memory of certain items but could not differentiate between Clug or Crow nor remember who he may, or may not have, spoken with:

a. Weissman, Page 343, line 19, when asked by Crow on who he had a conversation with: "I don't recall whether it was you or Alex".

b. Weissman, Page 345, line 16, when clarified by Crow that he had no

recollection on whether Crow had attended the November meeting: "That's correct".

c. Weissman, Page 352, line 15, when asked again by Crow on whether he remembers who between Clug or Crow, he spoke with: "No".

Division Counterstatement: Weissman's testimony as to who he believed he spoke with over the telephone is credible (Weissman: "based on e-mail correspondence, it would have been Michael that would have called me based on what Angel had indicated.") Tr. 351:13-16.

Alta Gold.

155. During 2012 the Aurum team did a field study on Alta Gold (Resp. Ex. 108b). The study was conducted to cover the numerous potential areas of opportunity and over 50 samples were taken.

Division Response: No dispute.

156. In January 2014 Clug renegotiated the terms of agreement for 11 of the 22 concessions that made up the Alta Gold area. Div. Ex. 626. Statements in that agreement of problems with the community and little mineral reflected the negotiating position, and had nothing to do with the reality of the concessions. Clug was working on extracting the best possible terms from the title holder of those 11 concessions. Clug, Page 2021, line 22 to page 2022 line 21.

Division Counterstatement: Statements in the agreement (Div. Ex. 626) accurately reflected the reality of the Alta Gold concessions as there is no evidence that proves Clug did not mean what he wrote in that agreement. In fact, the statement that Aurum "had not found enough mineral in the study area" in the agreement is consistent with the conclusions in Aurum's own internal report on Alta Gold dated January 7, 2013 based on the test results obtained from sampling the Alta Gold property. Resp. Ex. 108b at 8, 27.

HH. Every single number used by Management was backed up with source documents.

157. The Division failed to show that a single number or projection in any of

management's communications was not obtained from a source that management had a good faith belief to rely upon. Over 3 years of long hours of work with its local team of engineers, metallurgists and geologists, management received thousands of data points and recommendations on how they should proceed with the mines. Resp. Ex. 66b, 68b, 67, 63, 48, 46, 45, 58. Management, as experts agreed they could (FoFs 57-59), believed in their team's numbers and simply followed their recommendations. For example, the following ounces of gold that management reported at various times for Molle Huacan always came from its team:

Resp. Ex. 68: Mining Plan Oct 2012 - p5 – 1.25M ounces

Resp. Ex. 71: Mining Update Jan 2013 - p1 – 2.8M ounces

Resp. Ex. 67: Mining Plan June 2013 - p2 – 1.08M ounces

Resp. Ex. 66: Mining Plan July 2013 - p2 - 1.08M ounces

Division Counterstatement: There were numerous instances in which Crow and Clug reported baseless projections in Aurum's PPMs and update letters to investors in bad faith. For instance, Crow and Clug projected: 271,000 ounces of gold on Batalha after receiving the poor and inconclusive results (Div. FOF 139-140, 148, 179-184); million ounces of gold on Molle Huacan after receiving Park and Daubeny's conclusions (Div. FOF 162b, 163b, 164b, 236-239, Div. Exs. 576, 581); a "large gold deposit" and "large disseminated gold ore body" on Alta Gold after receiving an internal report showing low gold values on Alta Gold (Div. FOF 133-134, 164h, 165j, 369, Division Counterstatement to Clug FOF 156). Resp. Ex. 68 was offered, but not admitted into evidence.

158. Aurum management received, over the course of three years, thousands of test results, numerous mining plans, geological reports, projections and recommendations from its engineers, metallurgists, operators and geologists on Molle Huacan. Examples are found in Resp. Exs. 63, 48, 46, 45, 66b, 68b, 67, 57, 69.

Division Counterstatement: No dispute that Aurum management received test results, mining plans, geological reports, projections and recommendations on Molle Huacan. Resp. Exs. 57 and 69 were not admitted into evidence.

159. The numbers used by Clug, Crow and Lana in their PPMs and communications with

investors are consistently backed up and provided by their team or, in the case of Brazil, their JV partners.

Moran, the Division's expert witness backs up this fact throughout his report (Div. Ex. 1) quoting Ciro de La Cruz and Elias Garate for all the projections.

Division Counterstatement: To the contrary, Moran's Expert Report (Div. Ex. 1) provides no back up for Clug FOF 159. For instance, Moran stated: "Aurum's mining engineer (Ciro de La Cruz) was aware in February 2013 that there was insufficient information to establish Resources or Reserves.....yet, Aurum's management was projecting a 2013 Business Plan stating 'inferred mineral resources of a minimum 2,842,000 ounces'." Div. Ex. 1 at 31. In addition, Aurum's representations to investors regarding Batalha and the Peruvian properties were inaccurate and inconsistent with what Crow and Clug had been informed by independent geologists and Aurum's lawyers, agents, and business partners. Div. FOF 170-173, 183, 211-212. See also Division Counterstatement to Clug FOF 157.

160. An early presentation from Raiss and Coogan sent to Clug shows, on page 10, "18" tons of gold; and on page 19 of the presentation it shows 104 tons of gold which, at the approximate price of $1,500/oz, lower than the actual price at that time, gives you $5 billion, showing the source for the number included in an early email from Clug to banker and consultant Curtin (Div. Ex. 55). Page 1591, line 2-20. Presentation was admitted by ALJ on Page 1996, line 22 to Page 1997, line 7.

Division Counterstatement: "Presentation" apparently refers to Resp. Ex. 190, which is an undated document of dubious authorship, purporting to be a report on Batalha by Raiss, Ribeiro and Coogan. Nonetheless, the 18 tons total on page 10 is for 9 properties, with Batalha accounting for only 5.22 tons. Resp. Ex. 190 at 10. The 104 tons referenced on page 19, which is way more than the 5.22 tons reported for Batalha on page 10, provided no reasonable basis for Clug to believe Batalha was worth $5 billion. Raiss's testimony also cast serious doubts on the authorship of Resp. Ex. 190 and the amount of gold estimates it contains. (Q. Did you ever tell either Michael Crow or Alex Clug that the Batalha property had 105 tons of gold worth $5 billion? A. That it had what? Q. 105 tons of gold worth $5 billion? A. I – I don't recall saying that, no.").

Other examples of source documents for Clug and Crow's statements discussed in investor communications follow:

161. Q1 2012 Update letter (Resp. Ex. 28) reported grades ranging from 4g/t to 38g/t

on smaller veins. Numbers are found in Resp. Ex. 95.

Division Counterstatement: Resp. Ex. 95 was offered, but not admitted into evidence.

162. Q1 2012 Update letter reported permit process was currently underway. See Resp. Ex. 96 for backup.

Division Counterstatement: Resp. Ex. 96 was offered, but not admitted into evidence.

163. Q1 2012 Update letter reported the possibility of 500,000 ounces that can be mined at the surface. Resp. Ex. 95 actually shows 1 million tons which at 15 g/ton as they reported is approximately 500,000 ounces.

Division Counterstatement: Resp. Ex. 95 was offered, but not admitted into evidence.

164. Q1 2012 Update letter reported that 500,000 ounces could imply a valuation of $42.5 million at an in-situ value of $85 per ounce. In-situ values backed up by Resp. Exs. 119 and 97.

Division Counterstatement: Resp. Exs. 97 and 119 are spreadsheets that do not provide any reasonable basis for in-situ valuation of the Molle Huacan property as there was no known gold resource or reserve established at Molle Huacan by the first quarter of 2012.

165. Q1 2012 Update letter gave projections on estimated cash flows available for distribution of $2 million in year 1 and $5.4 million in year 2. These numbers come from Resp. Ex. 98. (Financial model).

Division Counterstatement: Resp. Ex. 98 is a spreadsheet containing baseless projections as there was no evidence of an established resource or reserve on either Cobre Sur or Molle Huacan at the time the Aurum 2012 Q1 Update was prepared.

166. Q2 2012 Update letter (Resp. Ex. 29) discusses 10 veins, 24 g/ton and that the mine may have 1 million ounces. Backed up by Resp. Exs. 46, 58, 68, 53.

Division Counterstatement: Resp. Ex. 46 is an undated summary list of sample test results from March 2012 to February 2013 that Crow purported was created by "Elias Garate and the lab team at Molle Huacan." Tr. 1303:22-24. Resp. Exs. 53 and 58 were offered, but not admitted into evidence. By the second quarter of 2012, Crow and Clug already knew about Park's findings. Div. FOF 237. There is no proven resource basis for the 1.254

million ounces attributed to Garate in Resp. Ex. 68 at 5.

167. Q2 2012 Update letter discusses filing for first mining permits. Backed up by Resp. Ex. 100.

Division Counterstatement: Resp. Ex. 100 was offered, but not admitted into evidence.

168. Q2 2012 Update letter discusses Alta Gold community agreements. Backed up by Resp. Exs. 102, 103.

Division Counterstatement: Resp. Exs. 102 and 103 were offered, but not admitted into evidence.

169. Q2 2012 Update letter discusses metallurgical testing on Molle Huacan showing over 82% gold recovery when using floatation for processing. Backed by Resp. Ex. 48.

Division Counterstatement: Resp. Ex. 48 is an untranslated Spanish-language document dated April 15, 2013, which demonstrates it could not have been the source of the 82% gold recovery represented in Aurum's 2012 Q2 update letter.

170. Q3 2012 Update letter (Resp. Ex. 146) estimated 1.254 million of ounces of gold. This is backed up by Resp. Ex. 64.

Division Counterstatement: Resp. Ex. 64 was not offered or admitted into evidence.

171. Q3 2012 Update letter discusses purchase of processing plant equipment. See Resp. Ex. 106.

Division Counterstatement: Only the photographs contained in Resp. Ex. 106 were admitted into the evidence. Tr. 1865:8-14.

172. Q3 2012 Update letter discusses a projected cash flow of $9 million. This is backed up by Exhibit 120 (Financial model).

Division Counterstatement: Resp. Ex. 120 is a spreadsheet containing projections on Molle Huacan that are not based on any proven mineral resources or reserves.

173. Q4 2012 Update letter (Resp. Ex. 147) discusses approval of its 'DIA' permit. Backed up by Resp. Ex. 100.

Division Counterstatement: Resp. Ex. 100 was offered, but not admitted into evidence.

174. Q4 2012 Update letter discusses an estimate of 1.254 million ounces of gold. Backed up by Resp. Ex. 68.

Division Counterstatement: There is no proven resource basis for the 1.254 million ounces attributed to Garate in Resp. Ex. 68 at 5.

175. Q4 2012 Update letter was updated, corrected and risk factors shared via a Supplement to Q4 2012 Update letter (Resp. Ex. 149).

Division Response: No dispute that Aurum's 2012 Q4 update letter was subsequently supplemented with the "clarifying points" contained in Resp. Ex. 149.

176. Resp. Exs. 95, 46, 58, 45, 63, 53 show examples of testing, planning and mapping performed at the Molle Huacan by the local team there showing clearly where the 1 million ounces estimate on gold, the 24 g/ton result, and the ten veins come from as they were discussed in the January 2013 PPM.

Division Counterstatement: Resp. Exs. 53, 58 and 95 were offered, but not admitted into evidence. Resp. Ex. 45 is not reliable, as Park testified that "a suite of samples such as this have to be plotted on a map and shown where it comes from along the length of the vein. Otherwise, I don't see any use for this information." Tr. 1305:19-1306:2. Resp. Ex. 46 is an undated summary list of sample test results from March 2012 to February 2013 that Crow purported was created by "Elias Garate and the lab team at Molle Huacan." Tr. 1303:22-24. Resp. Ex. 63 is dated August 2013, so it could not have been a source of information included in the January 2013 PPM.

II. Not one cent is alleged to have been misappropriated by Clug.

177. Not one cent is alleged to have been misappropriated by Clug – all fund movements are documented via Contracts and documented expense reports.

Per table below, Clug/Crow only received about 16% of the Total funds raised in Aurum. Clug received about 7%. This is over an almost 3 1/2 year period.

All other funds received were documented reimbursements for pre-paid expenses including office equipment, mining supplies fuel, plane tickets etc.

TOTALS		
From PanAm	$ 40,000.00	
From ABS Fund	$ 39,563.31	
From Aurum LLC	$ 650,000.00	16% of $4M
	$ 729,563.31	
To Clug/Dolphin	$ 149,000.00	
To Clug via W2	$ 137,810.01	
	$ 286,810.01	7% of $4M
W2 2012 (Clug started getting paid Jul 15 2012)		
Wages	$ 68,750.00	
Fed Income Tax withheld	$ 15,188.71	
Social Sec Tax witheld	$ 2,887.50	
Medicare Tax witheld	$ 996.88	
	$ 49,676.91	(1)
W2 2013 (Clug ceased being paid Oct 15 2013)		
Wages	$ 125,000.00	
Fed Income Tax withheld	$ 28,005.00	
Social Sec Tax witheld	$ 7,049.40	
Medicare Tax witheld	$ 1,812.50	
	$ 88,133.10	(2)
	$ 137,810.01	(1)+(2)

Div. Exs. 2 and 3, Resp. Exs. 173, 87, 88, 174, 175, 176, 177, 178.

Division Counterstatement: The $286,810.01 (7%) figure in the table above does not represent the full amount Clug personally benefited from the $4 million raised from the Aurum investors. Clug personally, and through his entities (Dolphin Group and Corsair Group), received more than $500,000 (> 12.5%) of the approximately $4 million raised from Aurum's investors. Div. Exs. 2A-5; 3A-5; 3A-25. That amount includes approximately $100,000 of the $250,000 convertible notes proceeds that Clug diverted to himself between September 2011 and December 2011. Div. Ex. 2A-10.

178. Augusto Marin was the head of finance for Aurum Mining in Peru, ran all the bank and accounting affairs of all the Aurum related entities in Peru and was very qualified for the position. See Marin's resume Resp. Ex. 113. Clug, Page 1660, line 21 to page 1661, line 16. Clug, Page 1876, line 20. Clug, Page 2148, line 19-22.

Division Counterstatement: Augusto Marin worked under the supervision of Crow and Clug. He was required to obtain approval from Crow or Clug prior to any disbursement of funds from the accounts of Aurum's Peruvian entities. See Div. Ex. 593.

JJ. Clug demonstrated that his actions' were never motivated by a goal to enrich himself. Quite the opposite, he showed that he believed in the projects, giving up income when required, and even investing his own limited capital to keep Aurum moving forward when necessary.

179. If Clug did not believe in project and viability that the Molle Huacan mine could be successful and the plant would produce gold, then it makes no sense that he would have kept using the funds, which were available, to move the mine and plant forward, which he did, processing several thousand tons. If, as the Division alleges, Clug was just in it for money and lifestyle, then funds could have been kept in the Peru bank accounts and Clug could have continued receiving a salary and have his expenses covered for a long time. Instead, he even depleted his own limited funds, investing approximately $70,000 to keep Aurum moving forward. See Resp. Ex. 180 (Clug payments to Aurum & Alta Gold).

Division Counterstatement: There is no evidence that several thousand tons were processed at the Molle Huacan plant. Clug's purported $70,000 investment was nothing more than money he had siphoned away from Aurum investor proceeds and recycled back into Aurum in the form of loans.

180. Balances in Peru Aurum bank account in August 2013 were S/627,723 (Div. Ex. 3, #4) and $16,327 (Div. Ex. 3 #3).

Division Counterstatement: Ending balances on August 31, 2013 for Aurum Mining Peru's accounts ending in 4686 and 9735 were $16,327 and S/627,723 respectively. Div. Ex. 3A at 6, 8 (Yanez Exhibits 3 and 4).

181. Clug, Crow and Corsair voluntarily stopped receiving payments from Aurum, even though they were contractually allowed to keep receiving them (Resp. Ex. 7 – Corsair Aurum Advisory Agreement) after October 15 2013. Div. Ex. 2 and 3. Clug, Page 1925, line 23.

Division Counterstatement: Crow, Clug and Corsair did not voluntarily stop taking money from Aurum; they simply ran out of money, having depleted the $4 million raised from investors. Crow and Clug engaged in deceptive practices to raise money from investors and are thus not entitled to use investor money to compensate themselves. See Div. COL 2.

182. Clug voluntarily stopped receiving any payments from Aurum since Oct 15 2013 even though there were funds available. See Div Ex 3, #2 for inflows into Aurum Peru: From August 2013 thru Feb 2014, Div Ex 3 shows inflows into Aurum Peru US$ and Soles accounts of $410,112 and S/2,296,529, respectively. This totals approximately $1,276,727.

Division Counterstatement: The evidence shows that Corsair received $55,000 in November 2013. Div. Ex. 2A at 16 (Celamy Exhibit 11). Furthermore, all Aurum's Peruvian accounts had dwindled down, so there were not "funds available." See Div. Exs. 3A at 6 (Yanez Exhibit 2), 3A at 8 (Yanez Exhibit 4).

183. Peru can be a dangerous and difficult place to live. Resp. Ex. 33. Clug did not relocate to Peru with his wife, who does not speak Spanish, while still having to pay for all his living costs in the US, including a homestead apartment in Miami, for pleasure or an easy lifestyle. Clug did not have a car in Peru either. Clug, Page 2029, line 17.

Division Counterstatement: No dispute that Resp. Ex. 33 contains a Department of State advisory on safety and security issues in Peru. Clug was not married to Carol Wilson until November 2014. Tr. 1961:15-16. However, Clug billed Aurum for business class plane tickets from Florida to Peru for himself and Wilson in mid-late 2013 at a time when Aurum's accounts were dwindling. Resp. Ex. 175. Clug also rented his Miami condo for $2,900 a month. Tr. 1971:19-21.

KK. VARIOUS

184. At the time of his investments Stern was in good health but his health had unfortunately deteriorated between the time of his last investment in Aurum and his appearance at the Hearing. Lana, Page 1021, line 1 to 12 : "...his health has really deteriorated a lot in the last 6 months..."

Division Counterstatement: There is nothing from Stern's testimony to support Clug FOF 184, which has no bearing on the reliability of Stern's testimony.

185. Ross was working on a potential transaction for PanAm that was over $100 million.

Ross, Page 1628, line 12-22.

Division Counterstatement: No dispute that Ross testified as such, but Gewanter also testified that Ross "was supposed to raise money from institutional investors to get the company up and running" and that "[h]is performance in that regard was disappointing." Tr. 1831:10-18.

186. Production, the extraction of mineral from the ground, began at Molle Huacan early in 2013. Small production had begun before that. Resp. Ex. 57 (Mine Daily Reports showing production - May 1-19 2013)

Division Counterstatement: Resp. Ex. 57 was offered, but not admitted. To the contrary, Daubeny testified that he saw no evidence of production activities at Molle Huacan during his site visit in February 2013 and that Molle Huacan was nowhere near production. Div. FOF 262-263, 269.

187. Lana testified that Clug did not want to have a general meeting with investors in early 2014 after the bad results of the Molle Huacan mine came in but instead Clug "... would be glad to meet them on a one-on-one basis." Lana, Page 905, line 3-5.

Division Response: No dispute.

188. On July 2nd 2012 $250,000 were withdrawn from the bank account of Oceano Pacifico to purchase a flotation plant equipment. Div. Ex. 3A 14,16; Resp. Ex. 106. Clug, Page1818, line 13.

Division Counterstatement: There is no evidence proving that $250,000 was used to purchase a flotation plant equipment. The cited exhibits do not support Clug FOF 188. Div. Ex. 3A at 14, 16 does not reflect any withdrawal amounting to $250,000 in July 2012. Resp. Ex. 106 is an untranslated inventory list that was not admitted.

189. Clug: Page 2032, line 16 to 2033, line 3 – explains why Maria Luz property passed on after further testing.

Division Response: No dispute.

190. Molle Huacan's mine superintendent Ciro de La Cruz just started working in

February 2013. (Clug: Page 1874, line 25) when he wrote his report on Molle Huacan (Div. Ex. 802). In that same report La Cruz recommends a Phase I of beginning production immediately. And his later Mining Plan a few months later (Resp. Ex. 66b) reports '1,082,951' ounces in gold.

Division Response: No dispute.

191. Lana reviewed all of Aurum Mining's PPMs. Lana, Page 978, line 9-11.

Division Response: No dispute.

192. In Div. Ex. 56 Clug did not say "Expect" but that management 'project'. Same email says that should project not work out then would not move forward and liquidate.

Division Response: No dispute.

193. Chris Curtin was not an investor but a banker and consultant. Resp. Ex. 38. Page 1499, line 14-20.

Division's Counterstatement: Clug solicited Chris Curtin with offering materials to get him and others to invest in Aurum. Div. Ex. 55; Tr. 1499:21-23.

194. Simon Leach was not an investor but a consultant. Resp. Ex. 38. Page 1036, line 14; Page 2229, line 21-22.

Division Response: No dispute that Simon Leach did not invest in Aurum or PanAm.

195. Mitchell Manoff did not invest in Aurum. Resp. Ex 38.

Division Response: No dispute.

196. Eric Donsky did not invest in Aurum. Resp. Ex 38.

Division Response: No dispute.

197. Eric Rice did not invest in Aurum. Resp. Ex 38.

Division Response: No dispute.

198. Steve Ross did not invest in Aurum. Resp. Ex 38.

Division Response: No dispute.

199. Jeff Knepp did not invest in Aurum. Resp. Ex 38.

Divison Response: No dispute.

200. Pedro Hernandez-Itriago did not invest in Aurum. Resp. Ex 38.

Division Response: No dispute.

201. Div. Ex. 559. Email is from Crow to Lana, not to investors
Division Response: No dispute.

202. Resp. Ex. 28, Q1 2012: states management want to close on PPM raise. Not a direct solicitation.

Division Counterstatement: Resp. Ex. 28 states regarding capital raise:

> Aurum is continuing to raise its initial $2 million from its private placement. The company now has three properties and will be in production as soon as in the third quarter of 2012. We are very positive on the value of the assets, and the Aurum membership units, and want to close this offering as soon as possible. The value of Aurum's assets may exceed $50 million, even at the discounted in-situ value of the gold. The testing and upcoming NI-43101 reports will help us solidify this value and the mines going into production will help prove the cash flow and gold reserves. Due to our travel and busy Peru schedule we are just now getting back to raising these additional funds. If you or anyone else desires to increase their stake, now is the time to do so.

203. Resp. Ex. 29, Q2 2012: states management are nearing close of PPM raise, try not to dilute too much etc. No direct solicitation.

Division Counterstatement: Resp. Ex. 29 states regarding capital raise:

> We are nearing completion of the private placement. Our projections continue to be that we will be able to place the first mine into production in 2012 and fully build out the mining and processing to support the operation. We have other opportunities that may arise and we will do our best to find creative financing that allows Aurum to benefit at the best cost to all the Members. Our assets are becoming very valuable and we may want to look for liquidity event opportunities in 2013 that would allow us to ramp up more quickly and/or give our Members cash distributions. To a large extent these are competing objectives, yet we will do our best to find debt and other forms of capital that will keep our mutual dilution to a minimum. We may want to raise some more equity but if so, it should be relatively modest. Once the mines are in production

there are many ways to finance the operation and working capital using debt and other "take or pay or off-take agreements for the gold" that will generally not require significant equity dilution.

204. Resp. Ex. 146, Q3 2012: states that management are looking to raise additional $500K and offering it first to existing investors.

Division Counterstatement: Resp. Ex. 146 states regarding capital raise:

> We have decided to increase our liquidity on hand from approximately $800,000 now to $1,300,000 and thus need to raise an additional $500,000. This minimal dilution is necessary in order to have sufficient cash on hand to put Molle Huacan into production, process at Molle Huacan using heap leaching, and finish the development work on Alta Gold. No additional property acquisitions are currently being considered. Given the excellent upside and valuation now per membership unit, we are first offering this to our existing members. If you wish to increase your stake please do so by November 30, 2012. If not, we will seek the funds from other investors. We wish to close by December 31, 2012.

205. Resp. Ex. 147, Q4 2012: management update on potential of going public, dilution etc. and do offer/ask investors to consider additional investment.

Division Response: No dispute.

206. Resp. Ex. 149, Q4 2012 update letter supplement: includes many caveats/risks, no guarantees, clears up IPO/reverse merger

Division Response: No dispute that Resp. Ex. 149 contains "Clarifying Points" on the Canadian IPO/reverse merger.

207. Resp. Ex. 148, Q1 2013: states Aurum's current financial situation/raise. No direct solicitation.

Division Counterstatement: Resp. Ex. 148 states regarding capital raise:

As of the first quarter we were pushing through the costs and build up of the plant and mine. As of April 15, 2013 we had raised $387,715 in the $1million private placement of units. As of June 10, 2013 we have raised a total of $662,715. We would like to finish the placement and then have one of the gold lenders we are talking to pre-buy or loan against future delivery of gold. These conversations with lenders are currently underway. We expect to be able to make dividend distributions after some ramp up period and reserves are established to support the operation. Although difficult to predict,- - we - hope to make significant dividend distributions towards the end of the first year of

production.

AS TO DIVISION'S FINDINGS

Respondents would adopt the Findings of Fact of Michael Crow to the extent applicable to these Respondents. Further, Respondents would incorporate their objections to the Division's Findings of Fact.

No objection is asserted to the remainder of the Findings of Fact to the extent consistent with testimony elicited at trial and exhibits introduced.

CONCLUSIONS OF LAW

I. Respondents' Violations

1. The Division has failed to meet its burden and has not proven Clug, Aurum or PanAm willfully violated Section 17(a) of the Securities Act of 1933 ("The Securities Act"), and Section 10(b) thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities. Clug did not willfully aid and abet Crow or cause such violations by Aurum and PanAm.

Division Counterstatement: See Div. COL 1.

2. Clug and Aurum did not make material misrepresentations and omissions in the offer and sale of Aurum securities concerning, *inter alia*, Batalha and the closing conditions in Aurum's PPMs; the use of investor proceeds; results and prospects of the mineral properties in Brazil and Peru; and Crow's background.

Division Counterstatement: See Div. COL 2.

3. Clug and PanAm did not make material misrepresentations and omissions in the offer and sale of PanAm securities concerning, *inter alia*, Crow's status as a control

person and de facto officer of PanAm; Crow's background; the use of investor proceeds; facts about a purposed application for listing on the OTCBB; and Crow's sale of restricted PanAm shares.

Division Counterstatement: See Div. COL 3.

4. PanAm did not willfully violate, and Clug did not willfully aid and abet or cause PanAm's violations of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 thereunder.

Division Counterstatement: See Div. COL 4.

5. Crow was not a de facto officer or control person of PanAm and was required to be identified in the Company's Form 10, 10K and its 10Q filings with the Commission.

Division Counterstatement: See Div. COL 5. No dispute that Crow "was required to be identified in the Company's Form 10, 10K and its 10Q filings with the Commission."

6. Clug did not willfully violate Rule 13a-14 of the Exchange Act, which requires that principal executive and financial officers of an issuer of a security registered pursuant to Section 12 of the Exchange Act to certify to the accuracy and completeness of the issuer's annual and quarterly reports filed with the Commission.

Division Counterstatement: See Div. COL 6.

7. Clug did not willfully violate Section 15(a)(1) of the Exchange Act, which prohibits any entity from making use of the mails or any means or instrumentality of interstate commerce to effect transactions in securities without registering as a broker-dealer nor did Clug willfully aid and abet Crow in such regard.

Division Counterstatement: See Div. COL 7.

II. Relief

A. ***Cease and Desist Orders***

8. In light of the Division's failure to meet its burden as outlined in the above Conclusions of Law, a Cease and Desist Order is not appropriate.

Division Counterstatement: See Div. COL 8-14.

B. *Disgorgement and Prejudgment Interest*

9. In light of the failure of the Division to meet its burden as set forth in the above Conclusions of Law, disgorgement and prejudgment interest are not appropriate.

Division Counterstatement: See Div. COL 15-19.

C. *Civil Money Penalties*

10. In light of the above Conclusions of Law money penalties are not appropriate.

Division Counterstatement: See Div. COL 20-26.

11. Alternatively, Clug has met his burden to demonstrate an inability to pay. *In re Disraeli*, Securities Act Rel. No. 8880, 2007 WL 4481515, at *19, n. 118 (Dec. 21, 2007), which is sufficient to reduce disgorgement or penalty amounts to $-0-.

Division Counterstatement: See Div. COL 27.

D. *Industry Bars*

12. Based upon the Division's failure to meet its burden, no industry bar is appropriate against Clug.

Division Counterstatement: See Div. COL 28-31.

E. *Officer and Director Bar Against Clug*

13. Based upon the Division's failure to meet its burden, no officer and director bar is appropriate against Clug.

Division Counterstatement: See Div. COL 32-33.

14. Based upon the foregoing, the OIP shall be dismissed as to Respondents, Alexandre Clug, PanAm, Aurum and Corsair.

Division Counterstatement: Disputed.

Dated: New York, NY
October 20, 2015

Respectfully submitted,

/s David Stoelting
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