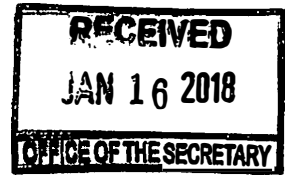


UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING  
File No. 3-18017

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In the Matter of

Can-Cal Resources Ltd., *et al.*,

Respondents.

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**DIVISION OF ENFORCEMENT'S BRIEF  
IN REPLY ON ITS MOTION FOR SUMMARY DISPOSITION**

The Court should revoke the registration of the securities of respondent Can-Cal Resources Ltd. ("Can-Cal") because even if it accepts all of Can-Cal's factual allegations as true and draws all reasonable inferences in its favor, the Division of Enforcement ("Division") is still entitled to a ruling of revocation of Can-Cal's securities registration as a matter of law under Rule of Practice 250(b) due to Can-Cal's violations of Section 13(a) of the Securities Exchange Act of 1934 ("Exchange Act"), and Rules 13a-1 and 13a-13 thereunder.

- 1. In the over seven months this proceeding has been pending, Can-Cal has failed to file a single delinquent periodic report, a single Form 12b-25, nor have its officers and directors filed a single missing Section 16 report.**

Due to the efforts of certain shareholders of Can-Cal to intervene in this matter, as well as the Commission's Remand Order of November 30, 2017, this proceeding has already lasted much longer than most other similar cases. However, despite the fact that Can-Cal and its officers and directors have been the recipients of all of this extra time,

EDGAR establishes that not a single delinquent periodic report has been filed by Can-Cal, not a single Form 12b-25 seeking an extension of time to make its periodic filings has been filed by Can-Cal, nor have its current chairman or directors filed the Forms 3, 4, or 5 that Can-Cal concedes that they failed to file. This reinforces Can-Cal's high degree of culpability, its minimal efforts to remedy its past violations, and its lack of assurances against future violations.

- 2. Can-Cal's stock is still traded on the over-the-counter market, and current and potential stockholders are being harmed by the lack of periodic reports for over two years, so a ruling on the Division's motion cannot be deferred any longer.**

Given all of the extra time Can-Cal has already received in this case, there is no basis whatsoever for a ruling on the Division's motion to be "deferred" under Rule of Practice 250(b) as Can-Cal has argued, (Can-Cal's Opp. at 2-4), particularly in this case where there will be no hearing to which the issue can be deferred. Moreover, according to OTCmarkets.com, Can-Cal's stock (symbol "CCRE") is still trading on the over-the-counter markets, and current and potential investors in the stock are being harmed everyday by the lack of up-to-date periodic reports since September 15, 2015. In *Gateway International Holdings, Inc.*, Securities Exchange Act Rel. No. 53907, 2006 SEC LEXIS 1288 at \*31 (May 31, 2006), the Commission held: "In evaluating what is necessary or appropriate to protect investors, 'regard must be had not only for existing shareholders of the issuer, but also for potential investors.'" (Footnote omitted.) Furthermore, Can-Cal's claim that it "has endeavored to keep investors apprised of its financial status even in the absence of audit reports, including the filing of a Form 8-K on December 4, 2017," (Can-Cal Opp. at 3), is not persuasive. In *Gateway*, the delinquent

issuer argued “that imposing revocation will be inconsistent with the purpose of Exchange Act Section 13(a) because the reports currently available to investors are ‘more than sufficient’ to enable them to make informed decisions about the company.” However, the Commission stated: “Exchange Act Section 13(a) is intended to provide investors with not merely ‘sufficient information, but information that is complete, timely, and accurate, which Gateway has not done.” *Gateway* at \*29-30. In *Comverse Technology, Inc.*, 2010 SEC LEXIS 2359 at \*22-24 (July 22, 2010), the ALJ found that under *Gateway*, Forms 8-K were no substitute for periodic reports.

**3. A revocation of Can-Cal’s securities registration would not be an “extraordinary remedy,” but Can-Cal’s proposed “temporary suspension” under Exchange Act Section 12(j) would be.**

The revocation of Can-Cal’s registration under Exchange Act Section 12(j) for its numerous violations of Exchange Act Section 13(a) and Rules 13a-1 and 13a-13 thereunder are not an “extraordinary remedy” as Can-Cal claims. (Can-Cal Opp. at 4.) Since the Divisions of Enforcement and Corporation Finance started their joint Delinquent Filings program in 2004, the registrations of over 4,600 delinquent issuers like Can-Cal have been revoked under Section 12(j). However, the Division of Enforcement is unaware of a Section 12(j) suspension ever being issued, which is most likely due to the impracticality of the remedy, so such a suspension would be a truly “extraordinary remedy.” ALJs have previously found that a suspension order cannot be extended nor converted into a revocation, and the Commission would have to bring a new administrative proceeding if it wanted to revoke the registration of an issuer that it had first suspended under Section 12(j) and the issuer failed to get current in its filings. *See Stansbury Holdings Corp.*, Initial Decision Rel. No. 232, 2003 SEC LEXIS 1639 at \*17-

18 (July 14, 2003) and *WSF Corp.*, Initial Decision Rel. No. 204, 2002 SEC LEXIS 1242 at \*17-18 (May 8, 2002); see also *Gateway*, 2006 SEC LEXIS 1288 at \*27 (Commission stated that a Section 12(j) suspension would be insufficient to protect investors).

**4. Even if Can-Cal manages to get current in its periodic reports, the Commission has held that it is too late to avoid revocation for its violations of the Exchange Act.**

It is too late for Can-Cal to catch up on its multiple delinquent periodic reports, if it can, and avoid revocation. In *Absolute Potential, Inc.*, 2014 SEC LEXIS 1193 at \*16-32 (April 4, 2014), the Commission found, *inter alia*, that even where the delinquent issuer became current in its periodic reports during summary disposition briefing, the public interest still required revocation of its securities registration as a deterrent to other issuers that might become delinquent. See *Law Enforcement Associates Corp.*, 2013 SEC LEXIS 1436 (May 15, 2013) (issuer revoked even though it filed all delinquent reports after Section 12(j) proceeding was instituted); *Citizens Capital Corp.*, 2011 SEC LEXIS 3307 at \*14-15 (Sept. 23, 2011) (in Section 12(j) proceeding, “even bringing all of its overdue periodic reports current would not extinguish Respondent’s violations”); *Bio-Life Labs, Inc.*, 2011 SEC LEXIS 2546 at \*9-10 (July 25, 2011) (Section 12(j) proceeding “is not an extension of time to file delinquent reports or correct filing deficiencies as sometimes occurs during the normal filing process”).

**5. ALJ Ratification does not affect this Court’s previous rulings.**

Can-Cal has not submitted any evidence relating to the Commission’s November 30, 2017 order, nor has Can-Cal offered any reason why the Commission’s ratification of its ALJs’ appointments should change this Court’s decisions in this matter. The Division

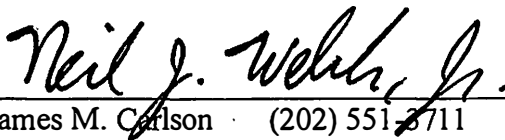
maintains that this Court's prior decisions in this case are correct and supported by the evidence.

**Conclusion**

For the reasons set forth above, and in its initial papers, the Division respectfully requests that the Administrative Law Judge grant the Division's Motion for Summary Disposition and revoke the registration of each class of Can-Cal's securities registered under Exchange Act Section 12.

Dated: January 16, 2018

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that true copies of the Division of Enforcement's Brief in Reply on its Motion for Summary Disposition were served on the following on this 16th day of January, 2018, in the manner indicated below:

By Hand:

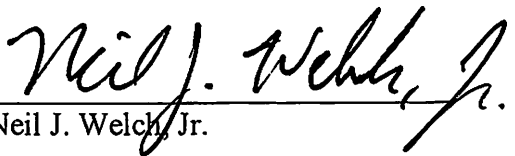
The Honorable Brenda P. Murray  
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Securities and Exchange Commission  
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