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UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 80892 / June 8, 2017

ADMINISTRATIVE PROCEEDING  
File No. 3-18017

In the Matter of  
  
Can-Cal Resources Ltd.,  
China Fruits Corp., and  
SkyStar Bio-Pharmaceutical Co.,  
  
Respondents.

RESPONDENT CAN-CAL  
RESOURCES LTD.'S SECOND  
FURTHER SUPPLEMENTAL BRIEF  
IN SUPPORT OF OPPOSITION TO  
DIVISION OF ENFORCEMENT'S  
MOTION FOR SUMMARY  
DISPOSITION

Respondent Can-Cal Resources Ltd. ("Can-Cal"), by and through its counsel of Justin C.eJones, Esq. of Jones Lovelock, hereby files the following Second Further Supplementale Brief in Support of Opposition to Division of Enforcement's ("Division") Motion for Summary Disposition ("Motion"), in accordance with the Order Requesting Additional Briefing dated December 10, 2018 ("Order").

In its Motion, the Division argued that Can-Cal's securities registration should be revoked because of its extended period of non-compliance, citing to the Commission's opinion in *Absolute Potential, Inc.*, Securities Exchange Act of 1934 Release No. 71866, 2014 SEC LEXIS 1193 (Apr. 4, 2014). However, as highlighted in the Commission's recent Order, there are several factors that distinguish this matter from the one presented in *Absolute Potential*. As the Commission correctly notes, Can-Cal is not a shell company, but rather an entity with a certifiably valuable real estate asset in California and signed agreements for resource extraction on the property. Also, by contrast with *Absolute Potential*, Can-Cal has a proven record over the past year of coming into compliance with annual and quarterly filing

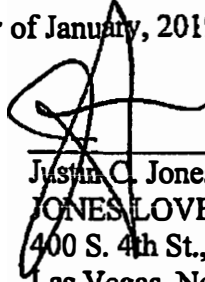
requirements and otherwise meeting its financial obligations.

o The Commission has requested additional briefing to address four specific areas to assist in determine the appropriate remedy: 1) the specific circumstances that led to Can-Cal's reporting delinquency, 2) the extent to which the court-ordered settlement agreement ensures Can-Cal's future compliance with its reporting obligations, 3) the company's financial outlook in the near- and long-term, and 4) its internal controls to prevent future delinquency. The Declaration of Chairman Casey Douglass, Chairman of Can-Cal ("Douglass Declaration"), attached hereto as **Exhibit 1**, addresses these four topics. As the Douglass Declaration clarifies, the circumstances that led to the reporting delinquency have changed substantially, as the shareholder derivative lawsuit that bled financial resources from Can-Cal has been resolved. *Id.* A new agreement that ensures future liquidity is in place, and Can-Cal is taking additional steps to pursue other revenue streams. *Id.* Furthermore, Can-Cal has taken steps with its auditor, Thayer O'Neal, to prevent future delinquency and is augmenting its board of directors to ensure Can-Cal's financial success and compliance with securities filing requirements. *Id.*

Revocation is an extreme remedy for a company that is complying in good faith with its reporting obligations. The Commission has previously opined that the primary consideration in such proceedings is "what sanctions will ensure that investors will be adequately protected" and that the Commission should consider "the extent of the issuer's efforts to remedy its past violations and ensure future compliance, and the credibility of its assurances ... against further violations." *Gateway International Holdings, Inc.*, 2006 SEC LEXIS 1288 (May 31, 2006), \*19-20. This matter has dragged on longer than the Commission or the parties anticipated due to circumstances outside of their control (namely appellate and Supreme Court decisions regarding administrative law judges); however, as a result of this delay, the Commission has the benefit of being able to better judge Can-Cal's efforts to remedy its past violations and weigh the credibility of its assurances against further violations. Can-Cal has proven over the past year that it is fully committed to complying with its obligations, as evidenced by its continued, timely filings with the Commission. In light of the

record presented, Can-Cal respectfully requests the Commission deny the Division's Motion.

Respectfully submitted this 4th day of January, 2019.



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*Attorneys for Respondent Can-Cal  
Resources, Ltd.*

**CERTIFICATE OF SERVICE**

I hereby certify that true copies of **RESPONDENT CAN-CAL RESOURCES LTD.'S SECOND FURTHER SUPPLEMENTAL BRIEF IN SUPPORT OF OPPOSITION TO DIVISION OF ENFORCEMENT'S MOTION FOR SUMMARY DISPOSITION** were served on this 4th day of January, 2019, in the manner indicated below:

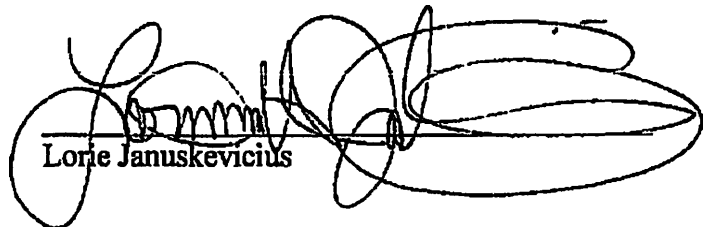
By U.S. Mail:

The Honorable Cameron Elliot  
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Lorie Januskevicius

# EXHIBIT 1

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 80892 / June 8, 2017**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18017**

**In the Matter of**

**Can-Cal Resources Ltd.,  
China Fruits Corp., and  
SkyStar Bio-Pharmaceutical Co.,**

**Respondents.**

**DECLARATION OF CASEY  
DOUGLASS IN SUPPORT OF CAN-  
CAL RESOURCES LTD.'S SECOND  
FURTHER SUPPLEMENTAL BRIEF  
IN SUPPORT OF OPPOSITION TO  
DIVISION OF ENFORCEMENT'S  
MOTION FOR SUMMARY  
DISPOSITION**

CASEY DOUGLASS, pursuant to 28 U.S.C. § 1746, declares:

- 1.0 I am Chairman of the Board of Directors of Can-Cal Resources, Ltd. ("Can-Cal").
2. I have reviewed the Commission's Order Requesting Additional Briefing dated December 10, 2018 ("Order") and provide this Declaration to address certain issues raised by the Commission.
- 3.0 Can-Cal suffered from leadership disputes for several years about how best to maximize the value of its assets, including a property in San Bernardino County, California with Pisgah volcanic material.
- 4.0 As a result of these disputes, a group of shareholders filed a shareholder derivative action against Can-Cal and certain directors and officers in 2014. The litigation was costly to Can-Cal, as it diverted resources to paying legal fees.
5. Furthermore, the pending litigation made it very challenging to market the Pisgah material or otherwise realize income to Can-Cal.

6.a As a result of the financial issues exacerbated by the litigation and the additional concern that if filings were made, the representations therein might be used by the shareholders in the litigation, Can-Cal did not make its required quarterly and annual filings.

7.a Fortunately, the litigation has now been resolved and the formerly adversarial parties are working to make Can-Cal financially solvent and successful.

8.a Can-Cal has committed to making its quarterly and annual filings in a timely manner and has done so for the past year.

9.a Pursuant to the settlement agreement and materials supply agreement, Candeco is obligated to make minimum annual payments to Can-Cal of \$150,000. These payments alone should more than adequately cover the costs to pay Can-Cal's audit firm of Thayer O'Neal to prepare the financial statements and other documentation necessary for required annual and quarterly securities filings.

10.a In addition to aforementioned payments from Candeco under the settlement agreement, Pisgah material sales into vast agricultural sector will produce additional future revenues. As well, Can-Cal is independently marketing the Pisgah material to other potential purchasers in commercial, industrial & road construction sectors to further ensure Can-Cal's continued financial success and ability to remain in compliance with securities filing requirements.

11. Can-Cal is also in the process of modifying its current board of directors to augment its ability to pursue new opportunities and raise additional capital and provide additional board-level oversight of Can-Cal's legal and financial operations.

12.a As with any business emerging from financial and organizational struggles, Can-Cal cannot provide certainty about its financial future; however, so long as the business remains financially viable, it is committed to fulfilling its obligations under U.S. securities laws.

Executed this 4<sup>th</sup> day of January, 2019.

  
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CASEY DOUGLASS