

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

**SECURITIES ACT OF 1933**  
**Release No. 9691 / December 16, 2014**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 73852 / December 16, 2014**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 3614 / December 16, 2014**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16319**

**In the Matter of**

**ANGEL E. LANA, CPA,**

**Respondent.**

**ORDER INSTITUTING PUBLIC  
ADMINISTRATIVE AND CEASE-  
AND-DESIST PROCEEDINGS  
PURSUANT TO SECTION 8A OF THE  
SECURITIES ACT OF 1933, SECTIONS  
4C AND 21C OF THE SECURITIES  
EXCHANGE ACT OF 1934 AND RULE  
102(e) OF THE COMMISSION'S RULES  
OF PRACTICE, MAKING FINDINGS,  
AND IMPOSING REMEDIAL  
SANCTIONS AND A CEASE-AND-  
DESIST ORDER**

**I.**

The Securities and Exchange Commission ("Commission") deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted against Angel E. Lana, CPA ("Respondent" or "Lana") pursuant to Section 8A of the Securities Act of 1933 ("Securities Act"), Sections 4C<sup>1</sup> and 21C of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 102(e)(1)(iii) of the Commission's Rules of Practice.<sup>2</sup>

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<sup>1</sup> Section 4C provides, in relevant part, that:

The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . (1) not to possess the requisite qualifications to represent others . . . (2) to be lacking in character or integrity, or to have engaged in unethical or improper professional conduct; or (3) to have willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations thereunder.

## II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (“Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Public Administrative and Cease-And-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-And-Desist Order (“Order”), as set forth below.

## III.

On the basis of this Order and Respondent’s Offer, the Commission finds<sup>3</sup> that:

### A. **RESPONDENT**

1. **Lana**, age 56, is a resident of Boca Raton, Florida. He is a certified public accountant (“CPA”) licensed to practice in the State of Florida since 1981. Lana has worked as a sole practitioner since 1986, and has performed accounting work for several public companies. Lana also has an affiliation with an accounting firm that represents public companies. From May 2011 to 2014, Lana served as Chief Financial Officer (“CFO”) of Aurum Mining, LLC (“Aurum”). Lana was also one of three managers of Aurum and was to receive an aggregate compensation of \$288,000 for his services to Aurum during the relevant period, which remains unpaid.

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<sup>2</sup> Rule 102(e)(1)(iii) provides, in pertinent part, that:

The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to have willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or the rules and regulations thereunder.

<sup>3</sup> The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

## **B. RELEVANT PERSONS**

2. **Alexandre S. Clug (“Clug”)**, age 46, was a resident of Miami, Florida and Lima, Peru during the relevant period. Clug is a principal and manager of Aurum. Clug did not hold any securities industry licenses during the relevant period.

3. **Michael W. Crow (“Crow”)**, age 55, was a resident of Miami, Florida and Lima, Peru during the relevant period. Crow was a principal and manager of Aurum until early 2014. Crow also owns and controls three Peruvian entities, named Alta Mining, S.A.C., AlterTerra, S.A.C. and Grupo Alta, S.A.C. Since 1998, Crow has been barred from serving or acting as an officer or director of a public company and from appearing or practicing before the Commission as an accountant. SEC v. Crow, 96-cv-1661 (S.D. Cal.); In re Michael W. Crow, Exchange Act Rel. No. 39902 (Apr. 22, 1998). In 2008, Crow was also barred from associating with any broker, dealer or investment adviser. SEC v. Crow, 07-cv-3814 (S.D.N.Y.); In re Michael W. Crow, Initial Dec. Rel. No. 376 (Apr. 22, 2009). In 2010, Crow filed for personal bankruptcy.

4. **Aurum** is a Nevada limited liability company established in April 2011, with its principal place of business in Miami, Florida. Aurum established several subsidiaries in Peru during the relevant period, including Aurum Mining Peru, S.A., Admiral Cove Partners, S.A, Alta Gold, S.A., Carolina Gold, S.A., and Oceano Pacifico Minerales, S.A. Crow and Clug each owned 50% of Aurum’s voting shares and controlled Aurum’s finances and operations during the relevant period. Crow, Clug and Lana served as the managers of Aurum. Aurum was not registered with the Commission in any capacity during the relevant period.

## **C. FACTS**

5. Lana became involved with Aurum through Clug. In April 2011, Lana accepted Clug’s invitation to be the CFO of Aurum. Lana knew that Clug and Crow were the principals of Aurum. Since early 2011, Lana knew that Crow had been barred from serving or acting as an officer or director of a public company and from associating with any broker, dealer or investment adviser. Sometime in 2012, Lana also knew that Crow was in bankruptcy.

6. In April 2011, Clug told Lana that he had identified a gold mining opportunity in Brazil for Aurum. At the time, Lana, Clug and Crow had no experience in mining or geology. Clug also told Lana that Aurum required capital to fund the Brazil venture and asked Lana to help raise funds for Aurum.

7. Lana used a term sheet dated May 10, 2011 to solicit investors, including his tax clients, to invest in Aurum. Between May and June 2011, Aurum raised \$250,000 from nine investors in exchange for convertible notes issued by Aurum and secured by Aurum’s minimal assets. The notes offered investors 8% return with a nine month maturity date. The notes also

offered investors an option to convert their notes into equity at a 50% discount or \$2.50 per share at the earlier of the “Close” or maturity. The notes defined the “Close” as “the financing and closing of the acquisition on the land rights and mining rights for the [Brazilian] Gold project.”

8. In August 2011, Lana, Crow and Clug started soliciting investors to invest in non-voting equity membership units in Aurum. They provided investors, including some of the convertible noteholders, with a Private Placement Memorandum dated August 1, 2011 (the “August 2011 PPM”). The August 2011 PPM provided a detailed description of Crow’s professional background, including his designation as a CPA and his work experience prior to becoming president and chairman of a public company that led to his officer and director bar. However, the PPM omitted Crow’s role and activities at that public company, his history of securities law violations, his pending bankruptcy, and the fact that his CPA license had expired. The August 2011 PPM identified Lana as one of the managers of Aurum, along with Crow and Clug.

9. The August 2011 PPM stated that closing would not occur and investor funds would be escrowed until at least \$1 million had been raised in the equity offering and “certain closing conditions” relating to the Brazilian gold project had been satisfied.

10. The “closing conditions” in the August 2011 PPM required that Aurum: (1) enter into a joint venture with its Brazilian partners; (2) receive a geological report from a qualified and licensed geologist stating the gold content in the Brazilian property; and (3) obtain from Brazilian legal counsel an opinion stating that, among other things, the joint venture owned or had irrevocable rights to the land and mining rights, and had received the required licenses from the Brazilian government.

11. Between mid-January and February 2012, Aurum sent another PPM dated December 31, 2011 (the “December 2011 PPM”) and a PPM “update” letter (“PPM Update Letter”) to investors, mostly convertible noteholders. The PPM Update Letter recommended that the convertible noteholders convert their notes into equity and they all did.

12. However, the December 2011 PPM and the PPM Update Letter misled investors about Aurum’s ownership interest in the Brazilian property and the amount of gold contained in the property. The December 2011 PPM and PPM Update Letter also contained material misrepresentations and omissions concerning, among other things: (a) the use of investor proceeds; (b) test results and financial projections relating to the Brazilian property; (c) the acquisition of other gold properties in Peru; and (d) Crow’s bankruptcy and securities litigation background. Furthermore, the PPM Update Letter falsely stated that Aurum had “satisfied the conditions of closing on the Aurum original PPM,” referring to the closing conditions of the August 2011 PPM. This representation was false because Aurum never acquired an interest in the Brazilian property, nor did it obtain the required licenses from the Brazilian government or the geological report from a qualified and licensed geologist stating the total gold content in the Brazilian property.

13. As CFO and manager of Aurum, Lana failed to take any steps to ascertain whether the closing conditions in the August 2011 PPM were met. For instance, Lana did not seek any evidence or written confirmation of Brazilian counsel's opinion, the required licenses and the geological report specified in the August 2011 PPM.

14. As CFO, Lana also failed to safeguard investor proceeds against misuse and allowed Clug and Crow unfettered access to investor funds. For instance, Lana knew or should have known that Crow and Clug used a majority of the funds raised from the convertible noteholders to personally benefit themselves instead of using the funds for due diligence activities on the Brazilian property, as promised to investors. Lana also knew or should have known that Crow and Clug used a substantial amount of the investor proceeds from the equity offering to personally benefit themselves while Aurum had failed to fulfill the closing conditions.

15. The Aurum operating agreement annexed to the PPMs required the managers to send to investors annual audited and unaudited balance sheets and income statements. Lana, as Aurum's CFO, had access to these financial statements but failed to provide them to investors.

16. From August 2011 to September 2012, Aurum raised approximately \$2.2 million from at least 20 investors in Florida, Connecticut and California.

17. By September 2012, Aurum had substantially depleted the proceeds from investors. Aurum then prepared a new PPM dated September 15, 2012 ("September 2012 PPM") to raise \$1 million purportedly to build a mineral processing plant and launch mining operations in Peru. Subsequently, Aurum prepared another PPM dated January 1, 2013 ("January 2013 PPM"), a Confidential Information Memorandum ("CIM"), and an Aurum Business Plan dated January 30, 2013 ("Aurum Business Plan"), to raise an additional \$1 million, also purportedly to build a mineral processing plant and launch mining operations in Peru.

18. The September 2012 PPM, January 2013 PPM, CIM, and Aurum Business Plan contained material misrepresentations and omissions about Aurum's ownership interest, test results, financial projections, the timing of production, and cash flow on the Peruvian mineral concessions acquired by Aurum.

19. From September 2012 to November 2013, Aurum raised approximately \$1.5 million from at least 10 investors in Florida, Connecticut, California, New Jersey, and the United Kingdom.

20. Furthermore, from May 2012 to July 2013, Aurum prepared and disseminated quarterly reports to "update" existing and prospective Aurum investors. Through these quarterly reports, Aurum misled investors about its ownership interests in various mineral properties in Brazil and Peru, the test results obtained from those properties, and the timing of production and cash flow associated with those properties.

21. Lana was negligent in soliciting investors for Aurum using materially false and misleading documents. Lana was the CFO and a manager of Aurum, and he participated in the review and approval of Aurum's offering documents. As a result, Lana knew or should have known about Crow's bankruptcy and previous securities laws violations, Aurum's failures in Brazil, and Crow and Clug's use of the offering proceeds to benefit themselves in spite of Aurum's failures in Brazil. Due to these red flags, Lana should have investigated whether the offering documents he used to solicit investors for Aurum contained inaccurate or misleading representations. Lana failed to do so.

22. To date, the Aurum investors have not received any return on their investments.

#### **D. VIOLATIONS**

Sections 17(a) (2) and 17(a) (3) of the Securities Act prohibit a person, in the offer or sale of any securities, directly or indirectly, to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements make, in light of the circumstances under which they were made, not misleading; or to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser. By his conduct described above, Lana willfully violated Sections 17(a)(2) and 17(a)(3) of the Securities Act.

#### **E. FINDINGS**

Based on the foregoing, the Commission finds that Lana willfully violated Sections 17(a)(2) and 17(a)(3) of the Securities Act.

#### **Undertakings**

Lana has undertaken to:

Forego any compensation due to him from Aurum and any entity owned or controlled, directly or indirectly, by either Crow or Clug or both, during the relevant period; and

Cease raising any funds for Aurum and any entity owned or controlled, directly or indirectly, by either Crow or Clug or both.

In determining whether to accept the Offer, the Commission has considered these undertakings.

#### **IV.**

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Lana's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Lana shall cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act.

B. Lana is denied the privilege of appearing or practicing before the Commission as an accountant.

C. After five years from the date of this order, Respondent may request that the Commission consider his reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as:

1. a preparer or reviewer, or a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission. Such an application must satisfy the Commission that Respondent's work in his practice before the Commission will be reviewed either by the independent audit committee of the public company for which he works or in some other acceptable manner, as long as he practices before the Commission in this capacity; and/or
2. an independent accountant. Such an application must satisfy the Commission that:
  - (a) Respondent, or the public accounting firm with which he is associated, is registered with the Public Company Accounting Oversight Board ("Board") in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;
  - (b) Respondent, or the registered public accounting firm with which he is associated, has been inspected by the Board and that inspection did not identify any criticisms of or potential defects in Respondent's or the firm's quality control system that would indicate that Respondent will not receive appropriate supervision;
  - (c) Respondent has resolved all disciplinary issues with the Board, and has complied with all terms and conditions of any sanctions imposed by the Board (other than reinstatement by the Commission); and
  - (d) Respondent acknowledges his responsibility, as long as Respondent appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

D. The Commission will consider an application by Respondent to resume appearing or practicing before the Commission provided that his state CPA license is current and he has resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependent on reinstatement by the Commission, the Commission will consider an application on its other merits. The Commission's review may include consideration of, in addition to the matters referenced above, any other matters relating to Respondent's character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

E. Respondent shall pay a civil penalty of \$50,000. Payment shall be made in the following installments: \$15,000 within ten (10) calendar days of the date of this Order, and \$35,000 within one (1) year of the date of this Order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance, plus any additional interest accrued pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Angel E. Lana as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Amelia Cottrell, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 200 Vesey Street, Suite 400, Brookfield Place, New York, NY 10281.

F. Such civil money penalty may be distributed pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended ("Fair Fund distribution"). Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax



purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

G. Respondent acknowledges that the Commission is not imposing a civil penalty in excess of \$50,000 based upon his agreement to cooperate in a Commission investigation and/or related enforcement action. If at any time following the entry of the Order, the Division of Enforcement ("Division") obtains information indicating that Respondent knowingly provided materially false or misleading information or materials to the Commission or in a related proceeding, the Division may, at its sole discretion and with prior notice to the Respondent, petition the Commission to reopen this matter and seek an order directing that the Respondent pay an additional civil penalty. Respondent may contest by way of defense in any resulting administrative proceeding whether he knowingly provided materially false or misleading information, but may not: (1) contest the findings in the Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

## V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields  
Secretary