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WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

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SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007
TELEPHONE: (602) 542-4242
FAX: (602) 594-7470
E-MAIL: securitiesdiv@azcc.gov

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ARIZONA CORPORATION COMMISSION
AZ CORP COMMISSION
DOCUMENT CONTROL

MEMORANDUM

TO: Jeff Hatch-Miller, Chairman
William A. Mundell
Marc Spitzer
Mike Gleason
Kristin K. Mayes

FROM: Mark Dinell *MD*
Assistant Director of Securities

DATE: July 21, 2006

RE: Proposed Order re: *Parklane International Corp.*, Docket No. S-03561A-04-0000

CC: Brian C. McNeil, Executive Director

Arizona Corporation Commission
DOCKETED

JUL 21 2006

DOCKETED BY *ne*

Attached is a proposed Default Order for Parklane International Corporation ("PIC"). The Order requires PIC to cease and desist its activity and to pay a penalty of \$20,000.

Beginning in Arizona in 2003, PIC offered an investment program operated by Syndicated Gold Depository S.A. ("SGD"). PIC informed investors that SGD had entered into an agreement with a Canadian mining company that owned a gold refinery in Honduras. PIC's sales literature stated that all funds SGD placed into the company would be secured by a collateral bond covering all assets of the company, with SGD passing on this security to the investor. However, PIC failed to provide investors with any financial statements in order to determine the risk of their investment. PIC also misstated other risk information.

In 2003, the Pennsylvania Securities Commission issued an order to cease and desist against PIC and SGD for violations of the Pennsylvania Securities Act. PICs did not inform Arizona investors solicited after that date of the existence of that order.

Since 2003, at least two Arizona residents have been offered the investment program. One Arizona investor has invested \$150,000 through PIC. That investor has chosen to keep his investment and has declined restitution.

The Order finds that PIC violated A.R.S. § 44-1841 and 44-1842 by selling unregistered securities while being unlicensed. It also finds that PIC committed violations of A.R.S. § 44-

1991. PIC, although served, has apparently chosen to disregard the Commission's Notice and has not requested a hearing on the matter nor filed an answer.

The Securities Division recommends the Commission enter the proposed default order against it.

Originator: Mark Dinell

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 JEFF HATCH-MILLER, Chairman
4 WILLIAM A. MUNDELL
5 MARC SPITZER
6 MIKE GLEASON
KRISTIN K. MAYES

7 In the matter of:

8 PARKLANE INTERNATIONAL
CORPORATION
9 1985 Queens Avenue
Vancouver, British Columbia
10 Canada V7V2X8

11 SYNDICATED GOLD DEPOSITORY S.A.)
Fort Nassau Centre-West Wing
12 Malborough St., Suite N-4875
13 Nassau, Bahamas

14 Respondents.
15

) DOCKET NO. S-03561A-04-0000

) DECISION NO. _____

) **ORDER TO CEASE AND DESIST AND**
) **ORDER FOR ADMINISTRATIVE**
) **PENALTIES RE: PARKLANE**
) **INTERNATIONAL CORPORATION**

16 On April 5, 2004, the Securities Division ("Division") of the Arizona Corporation
17 Commission ("Commission") filed a Temporary Cease and Desist Order and Notice of Opportunity
18 for Hearing ("Notice") against Respondents Parklane International Corporation ("PIC") and
19 Syndicated Gold Depository S.A. ("SGD"), (collectively "Respondents"), alleging violations of the
20 Arizona Securities Act (the "Act"). The Notice specified that Respondents would be afforded an
21 opportunity for an administrative hearing upon written request filed with the Commission's Docket
22 Control within ten (10) days after receipt of the Notice, in accordance with A.A.C. Rule R14-4-
23 306(B).
24

25 Service of process of the Notice as to PIC was completed on August 6, 2004. PIC failed to
26 request an administrative hearing within 10 days after receipt of the Notice, pursuant to A.R.S. § 44-

1 1972 and A.A.C. Rule R14-4-306. The Division filed an Affidavit of Service against PIC on
2 December 28, 2004. PIC failed to file an Answer within 30 days of service of the Notice, pursuant to
3 A.A.C. Rule 14-4-305.

4 I.

5 **FINDINGS OF FACT**

6 1. PIC has, directly or indirectly, offered securities for sale, in or from the state of
7 Arizona, in the form of investment contracts.

8
9 2. PIC has solicited investors to invest their money into an investment program
10 operated by SGD. PIC alleged that SGD would pay investors a return of 19.5% on their
11 investment. PIC claimed that SGD will use the money it raised from investors to loan to a mining
12 company for that company to use as capital. SGD would then pay investors their returns from the
13 profits it earned from the mining company.

14
15 3. PIC informed investors that SGD had entered into an agreement with Merendon De
16 Honduras, S.A. de C.V. ("Merendon") and Merendon Mining Corp. Ltd. of Canada ("Merendon-
17 Canada) to provide capital. Merendon is alleged to be a wholly own subsidiary of Merendon-
18 Canada. This capital was to be used to purchase gold and silver by Merendon. According to PIC,
19 Merendon owned a gold and metal refinery in Tegucigalpa, Honduras. PIC claimed that the
20 Merendon refinery refined gold and silver from Central, North and South America. Although
21 PIC's literature stated that there are no mining risks as Merendon processes other producers' gold,
22 in telephone conversations PIC told an investor that Merendon owned its own mine in Honduras.

23
24 4. PIC's sales literature provided to prospective investors stated that all funds SGD
25 placed into Merendon would be secured by a collateral bond covering all assets of Merendon, with
26 SGD passing on this security to the investor. However, PIC failed to provide investors with any

1 financial statements in order to determine the risk of their investment or the amount of collateral of
2 Merendon that would allegedly secure their investment. Investors are told that they will have no
3 participation in the operation or management of SGD or Merendon.

4 5. PIC stated that the SGD program has been running successfully since 1999. PIC
5 claimed that SGD would pay investors 1.5% per month, or 19.5% compounded monthly. PIC's
6 sales literature stated that after 25 years of compounding, a \$100,000 investment will be worth
7 \$8,700,000, with monthly income of \$130,000. PIC informed investors that SGD could afford to
8 pay such returns as Merendon's profit margins are 10% per each ounce that is refined.
9

10 6. On December 24, 2003, the Pennsylvania Securities Commission issued a summary
11 order to cease and desist against PIC and SGD for violations of the Pennsylvania Securities Act.
12 PICs did not inform Arizona investors solicited after December 24, 2003 of that order.

13 7. Respondents began offering their investment program in Arizona at least since
14 2003. Since that time, at least two Arizona residents have been offered the investment program.
15 One Arizona investor has invested \$150,000 with Respondents.
16

17 II.

18 CONCLUSIONS OF LAW

19 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
20 Arizona Constitution and the Securities Act.

21 2. PIC offered or sold securities within or from Arizona, within the meaning of A.R.S.
22 §§ 44-1801(15), 44-1801(21), and 44-1801(26).

23 3. PIC violated A.R.S. § 44-1841 by offering or selling securities that were neither
24 registered nor exempt from registration.
25
26

1 For purposes of this Order, a bankruptcy filing by PIC shall be an act of default. If PIC
2 does not comply with this Order, any outstanding balance may be deemed in default and shall be
3 immediately due and payable.

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1 IT IS FURTHER ORDERED, that if PIC fails to comply with this order, the Commission
2 may bring further legal proceedings against that PIC, including application to the superior court for
3 an order of contempt.

4 IT IS FURTHER ORDERED that this Order shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION
6
7

8 CHAIRMAN

COMMISSIONER

9
10 COMMISSIONER

COMMISSIONER

COMMISSIONER

11
12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
13 Executive Director of the Arizona Corporation
14 Commission, have hereunto set my hand and caused the
15 official seal of the Commission to be affixed at the
16 Capitol, in the City of Phoenix, this _____ day of
17 _____, 2006.

18 _____
BRIAN C. McNEIL
Executive Director

19
20 _____
DISSENT

21
22 _____
DISSENT

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24 This document is available in alternative formats by contacting Linda Hogan, Executive Assistant
25 to the Executive Director, voice phone number 602-542-3931, E-mail lhogan@azcc.gov.

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