

NEW APPLICATION



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ORIGINAL

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MIKE GLEASON, Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

Arizona Corporation Commission

DOCKETED

MAR 20 2008

DOCKETED BY *mm*

In the matter of: )  
)  
PANAMA CAPITAL FUNDING, L.L.C., a )  
Colorado limited liability company; )  
)  
BENJAMIN RAY O'TOOLE, individually )  
and doing business as INTERNATIONAL )  
FUNDING NETWORK, PANAGREEN BIO )  
FUELS, INC., and ALGAECAKE )  
TECHNOLOGIES CORPORATION, and )  
JANE DOE O'TOOLE, husband and wife; )  
)  
CHRISTOPHER SHANE STRICKLAND, )  
individually and doing business as )  
INTERNATIONAL FUNDING NETWORK, )  
PANAGREEN BIO FUELS, INC., and )  
ALGAECAKE TECHNOLOGIES )  
CORPORATION, and JANE DOE )  
STRICKLAND, husband and wife; )  
)  
Respondents. )

DOCKET NO. S-20585A-08-0165

TEMPORARY ORDER TO CEASE AND  
DESIST AND NOTICE OF  
OPPORTUNITY FOR HEARING

RECEIVED  
2008 MAR 20 P 4: 11  
AZ CORP COMMISSION  
DOCKET CONTROL

NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY

EACH RESPONDENT HAS 20 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents PANAMA CAPITAL FUNDING, L.L.C.; BENJAMIN RAY O'TOOLE, individually and doing business as INTERNATIONAL FUNDING NETWORK, PANAGREEN BIO FUELS, INC., and ALGAECAKE TECHNOLOGIES

1 CORPORATION; and, CHRISTOPHER SHANE STRICKLAND, individually and doing  
2 business as INTERNATIONAL FUNDING NETWORK, PANAGREEN BIO FUELS, INC., and  
3 ALGAECAKE TECHNOLOGIES CORPORATION are engaging in or are about to engage in  
4 acts and practices that constitute violations of A.R.S. § 44-1801, *et seq.*, the Arizona Securities Act  
5 (“Securities Act”) and that the public welfare requires immediate action.

6 **I.**

7 **JURISDICTION**

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

10 **II.**

11 **RESPONDENTS**

12 2. PANAMA CAPITAL FUNDING, L.L.C. (“PCF”) is a Colorado limited liability  
13 company doing business in Maricopa County, Arizona. PCF is “noncompliant” / not in good  
14 standing with the Colorado Secretary of State.

15 3. BENJAMIN RAY O’TOOLE (“O’TOOLE”) is an individual last known to reside in  
16 Maricopa County, Arizona. O’TOOLE is a member of PCF and he is doing business as  
17 INTERNATIONAL FUNDING NETWORK (“IFN”), PANAGREEN BIO FUELS, INC.  
18 (“PGBF”), and ALGAECAKE TECHNOLOGIES CORPORATION (“ATC”). O’TOOLE is  
19 represented as the “Business Development / Design Director” of ATC and “Design” executive of  
20 PGBF.

21 4. CHRISTOPHER SHANE STRICKLAND (“STRICKLAND”) is an individual last  
22 known to reside in Maricopa County, Arizona. STRICKLAND is a member of PCF and he is doing  
23 business as IFN, PGBF, and ATC. STRICKLAND is represented as the “Corporate Finance”  
24 executive of ATC.

25 5. JANE DOE O’TOOLE has been at all relevant times the spouse of Respondent  
26 O’TOOLE and JANE DOE STRICKLAND has been at all relevant times the spouse of Respondent

1 STRICKLAND. JANE DOE O'TOOLE and JANE DOE STRICKLAND may be referred to  
2 collectively as "Respondent Spouses." Respondent Spouses are joined in this action under A.R.S.  
3 §44-2031(C) solely for purposes of determining the liability of the marital communities.

4 6. At all relevant times, Respondents O'TOOLE and STRICKLAND have been acting  
5 for their own benefit and for the benefit or in furtherance of their marital communities.

6 7. Respondents PCF, O'TOOLE, and STRICKLAND may be referred to collectively  
7 as "Respondents."

8 **III.**

9 **FACTS**

10 8. From at least September 2007 to the present, Respondents have been publicly  
11 offering unregistered shares of stock in PGBF and ATC via numerous Internet websites<sup>1</sup> that attract  
12 potential investors with the statements "Short Term – High Return [of] 600% after 30 months" and  
13 "Superior Growth High Return – the projected earnings growth rate is about \$1.7 million for an  
14 investment of \$50,000..." (a 3000% return). To induce participation in this offering, Respondents  
15 employ the pressure sales tactic of creating a sense of urgency in potential investors by  
16 representing it as "a premium stock position...[at a] discounted share value...[that] is intended to  
17 promote a rapid response...[so] contact us ASAP."

18 9. Respondents do not disclose material information regarding PGBF and ATC,  
19 including the state or country of their incorporation (or, even though their names contain the terms  
20 "Inc." and "Corporation," whether they are actually corporations), the number of shares authorized or  
21 issued, and the date(s) of incorporation.

22 10. Respondents do not disclose any information about the prospective investment  
23 returns, including how they were calculated or the basis for these numbers.

24 11. While they represent that this investment is a "tremendous value for a small  
25 investor," Respondents seek large investment amounts of \$100,000, \$300,000, and/or \$500,000.

26 <sup>1</sup> [www.panamacapitalfunding.com](http://www.panamacapitalfunding.com); [www.internationalfundingnetwork.com](http://www.internationalfundingnetwork.com); [www.algaecake.com](http://www.algaecake.com);  
<http://phoenix.kijiji.com>; <http://phoenix.craigslist.org>; and, [www.business-opportunities.biz](http://www.business-opportunities.biz).

1 12. Respondents represent (and they represented to at least one, potential, Arizona  
2 investor) that investors' money will be used to build multi-acre, "bio-reactor farms" adjacent to  
3 coal-fired power plants. Carbon dioxide emissions from the plants will be captured and fed to  
4 algae, thus enabling the manufacture from the algae (and later sale) of large quantities of oil.  
5 Respondents represent that a 25-acre, bio-reactor farm will "gross 33 million dollars profit per year  
6 through sales of algae oil" and that "algae oil...produced by one 250 acre algae bio reactor farm is  
7 330 million dollars a year."

8 13. Respondents do not disclose any information about the business profitability,  
9 including how it was calculated or the basis for these numbers.

10 14. Respondent O'TOOLE did not ask a potential, Arizona investor whether he could  
11 afford to lose all of his investment and Respondents did not disclose any risks associated with the  
12 investment.

13 **IV.**

14 **VIOLATION OF A.R.S. § 44-1841**

15 **(Offer and Sale of Unregistered Securities)**

16 15. Since at least September 2007, Respondents have been offering or selling securities  
17 in the form of shares of stock and/or investment contracts within or from Arizona.

18 16. The securities referred to above are not registered pursuant to Articles 6 or 7 of the  
19 Securities Act.

20 17. This conduct violates A.R.S. § 44-1841.

21 **V.**

22 **VIOLATION OF A.R.S. § 44-1842**

23 **(Transactions by Unregistered Dealers or Salesmen)**

24 18. Respondents are offering or selling securities within or from Arizona while not  
25 registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

26 19. This conduct violates A.R.S. § 44-1842.

VI.

VIOLATION OF A.R.S. § 44-1991

(Fraud in Connection with the Offer or Sale of Securities)

20. In connection with the offer or sale of securities within or from Arizona, Respondents are, directly or indirectly: (i) employing a device, scheme, or artifice to defraud; (ii) making untrue statements of material fact or omitting to state material facts that are necessary in order to make the statements made not misleading in light of the circumstances under which they are made; or (iii) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit upon offerees and investors. Respondents' conduct includes, but is not limited to, the following:

a) Failing to disclose to offerees and investors that PCF is "noncompliant" / not in good standing with the Colorado Secretary of State;

b) Failing to disclose material information regarding PGBF and ATC, including the state or country of their incorporation (or, even though their names contain the terms "Inc." and "Corporation," whether they are actually corporations), the number of shares authorized or issued, and the date(s) of incorporation;

c) Providing prospective investment returns and business profitability without disclosing any information about these, including how they were calculated or the basis for the numbers; and,

d) Failing to disclose to offerees and investors any risks associated with their investments including, but not limited to, the possibility that investors may lose all or a large portion of their investment.

21. This conduct violates A.R.S. § 44-1991.

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VII.

TEMPORARY ORDER

Cease and Desist from Violating the Securities Act

THEREFORE, based on the above allegations, and because the Commission has determined that the public welfare requires immediate action,

IT IS ORDERED, pursuant to A.R.S. § 44-1972(C) and A.A.C. R14-4-307, that Respondents, their agents, servants, employees, successors, assigns, and those persons in active concert or participation with Respondents CEASE AND DESIST from any violations of the Securities Act.

IT IS FURTHER ORDERED that this Temporary Order to Cease and Desist shall remain in effect for 180 days unless sooner vacated, modified, or made permanent by the Commission.

IT IS FURTHER ORDERED that this Order shall be effective immediately.

VIII.

REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

1. Order Respondents to permanently cease and desist from violating the Securities Act pursuant to A.R.S. §44-2032;
2. Order Respondents to take affirmative action to correct the conditions resulting from Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. §44-2032;
3. Order Respondents to pay the state of Arizona administrative penalties of up to five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. §44-2036;
4. Order that the marital communities of Respondents and Respondent Spouses are subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action pursuant to A.R.S. §25-215; and,
5. Order any other relief that the Commission deems appropriate.

## IX.

## HEARING OPPORTUNITY

Each Respondent, including Respondent Spouses, may request a hearing pursuant to A.R.S. §44-1972 and A.A.C. Rule 14-4-307. **If a Respondent or Respondent Spouse requests a hearing, the requesting Respondent or Respondent Spouse must also answer this Temporary Order and Notice.** A request for hearing must be in writing and received by the Commission within 20 days after service of this Temporary Order and Notice. The requestor must deliver or mail the request for hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, AZ 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at [www.azcc.gov/divisions/hearings/docket.asp](http://www.azcc.gov/divisions/hearings/docket.asp).

If a request for hearing is timely made, the Commission shall schedule a hearing to begin 10 to 30 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. **Unless otherwise ordered by the Commission, this Temporary Order shall remain effective from the date a hearing is requested until a decision is entered.** After a hearing, the Commission may vacate, modify, or make permanent this Temporary Order, with written findings of fact and conclusions of law. A permanent Order may include ordering restitution, assessing administrative penalties, or other action.

If a request for hearing is not timely made, the Division will request that the Commission make permanent this Temporary Order, with written findings of fact and conclusions of law, which may include ordering restitution, assessing administrative penalties, or other relief.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Linda Hogan, ADA Coordinator, voice phone number 602/542-3931, e-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov). Requests should be made as early as possible to allow time to arrange the accommodation.

X.

**ANSWER REQUIREMENT**

Pursuant to A.A.C. R14-4-305, if a Respondent or Respondent Spouse requests a hearing, the requesting Respondent or Respondent Spouse must deliver or mail an Answer to this Temporary Order and Notice to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, AZ 85007, within 30 calendar days after the date of service of this Temporary Order and Notice. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at [www.azcc.gov/divisions/hearings/docket.asp](http://www.azcc.gov/divisions/hearings/docket.asp).

Additionally, the answering Respondent or Respondent Spouse must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3<sup>rd</sup> Floor, Phoenix, Arizona, 85007, addressed to Aaron S. Ludwig, Esq.

The Answer shall contain an admission or denial of each allegation in this Temporary Order and Notice and the original signature of the answering Respondent or the Respondent's attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

When the answering Respondent intends in good faith to deny only a part or a qualification of an allegation, the Respondent shall specify that part or qualification of the allegation and shall admit the remainder. Respondent waives any affirmative defense not raised in the answer.

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1 The officer presiding over the hearing may grant relief from the requirement to file an  
2 Answer for good cause shown.

3 BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this 20<sup>th</sup> day of March,  
4 2008.



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6 Mark Dinell  
Assistant Director of Securities

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8 (ASL)

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