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# Memorandum

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**DATE:** November 29, 2000

2000 NOV 29 P 3:42

**TO:** Nancy Cole  
Docket Control

AZ CORP COMMISSION  
DOCUMENT CONTROL

**FROM:** Mark Dinell  
Securities Division

**RE:** M.G. Natutral Resources, Inc., fka Mariah  
International, Guildmark Industries and M.G. Gold, cka  
Xenolix Technologies, Marle Amundson and Jeanne  
Amundson  
Docket No. S-03356A-00-0000  
Internal Routing Distribution

**CC:** Betty Camargo

This is to notify you that the following individuals should be copied on all docketed items for the above-mentioned case.

- Mark Sendrow
- LeRoy Johnson
- Matthew Neubert/ Amy Leeson

Mark Dinell (Staff Attorney)

Terry Nelson (Staff Investigator)

\_\_\_\_\_

**Note:** The Assistant Attorney General assigned to this matter is: Jennifer Boucek.

Thank you for your cooperation in this matter.

CARL J. KUNASEK  
CHAIRMAN

JIM IRVIN  
COMMISSIONER

WILLIAM A. MUNDELL  
COMMISSIONER



ARIZONA CORPORATION COMMISSION

BRIAN C. McNEIL  
EXECUTIVE SECRETARY

MARK SENDROW  
DIRECTOR

SECURITIES DIVISION  
1300 West Washington, Third Floor  
Phoenix, AZ 85007-2996  
TELEPHONE: (602) 542-4242  
FAX: (602) 594-7470  
E-MAIL: accsec@ccsd.cc.state.az.us

Arizona Corporation Commission  
**MEMORANDUM**  
**DOCKETED**

NOV 29 2000

TO: Chairman Carl J. Kunasek  
Commissioner Jim Irvin  
Commissioner William A. Mundell

DOCKETED BY	Jr
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FROM: Mark Sendrow *MS*  
Director of Securities

DATE: November 29, 2000

RE: Proposed Consent Order – Merle and Jeanne Amundson, S-03356A-00-0000

CC: Brian C. McNeil, Executive Secretary

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AZ CORP COMMISSION  
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Attached is a proposed Consent to Cease and Desist and Order for Administrative Penalties against Merle and Jeanne Amundson, husband and wife (“the Amundsons”). Between January 1997 and October 1999, the Amundsons were officers or directors of M.G. Gold, now known as Xenolix Technologies, Inc. The Amundsons are no longer affiliated with Xenolix.

Xenolix owns property in Northern Arizona with cinder deposits purportedly containing economical deposits of precious metals. Under various business names, attempts have been made to process material from the property for gold and other metals. The business has not been successful thus far in producing any viable precious metals.

The Amundsons made three separate offerings of stock during the time they were principals with M.G. Gold. In April 1997 stock was sold to 71 investors for a total of \$750,000. Within the same month, rescission was offered to the investors after the Amundsons discovered that there was no exemption available from registration of the stock. Eighteen investors accepted the rescission offer and were refunded \$250,000. The other investors chose to remain with the company and are presently still shareholders under new officers and directors.

The second offer was to several offerees to purchase stock related to development of another mining property. No one purchased stock, and the offering was withdrawn after it was discovered that the property development would not succeed.

The third offer involved the sale of stock in M.G. Gold to at least 42 investors. Over \$995,000 was raised in this offering, intended for accredited investors only. However, some

unaccredited investors were sold stock as well. These shareholders continue to participate in the operation of Xenolix.

While the Amundsons were principals in M.G. Gold, they made attempts to remedy the faults in two of the offerings. They did not personally profit from the money raised. They personally invested several hundred thousand dollars and lost their home in the process. In the last offering, they sought the advice of a Nevada attorney.

Because of the above facts, and that the 200 current shareholders own stock that is trading on the bulletin board, with many shareholders interested in continuing with the company, the Division does not recommend a restitution order against the Amundsons. The investigation continues against other parties involved. The Division recommends that a penalty of \$5,000 be imposed against Merle Amundson and Jeanne Amundson, individually, for a total of \$10,000, for their role in the above matter. The Amundsons agree in the proposed order to fully cooperate in the ongoing investigation against other parties.

Originator: Mark Dinell

Assistant Attorney General: Jennifer Boucek

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 CARL J. KUNASEK  
Chairman  
3 JIM IRVIN  
Commissioner  
4 WILLIAM A. MUNDELL  
Commissioner

5 In the matter of )

6 M.G. NATURAL RESOURCES, INC. fka )  
7 MARIAH INTERNATIONAL, GUILDMARK )  
8 INDUSTRIES and M.G. GOLD, cka XENOLIX )  
9 TECHNOLOGIES, INC. )  
34 Maple St. )  
Summit, NJ 07901 )

10 MERLE AMUNDSON )  
427 East Amber Ridge Way )  
11 Phoenix, AZ 85048 )

12 JEANNE AMUNDSON )  
427 East Amber Ridge Way )  
13 Phoenix, AZ 85048, )

14 Respondents. )

DOCKET NO. S-03356A-00-0000

DECISION NO. \_\_\_\_\_

**ORDER TO CEASE & DESIST, ORDER  
FOR ADMINISTRATIVE PENALTIES AND  
CONSENT TO SAME BY RESPONDENTS  
MERLE AMUNDSON AND JEANNE  
AMUNDSON**

15 I.

16 MERLE AMUNDSON and JEANNE AMUNDSON elect to permanently waive their right to a  
17 hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801, *et seq.*  
18 (“Act”) with respect to this Order (“Order”); admit the jurisdiction of the Arizona Corporation  
19 Commission (“Commission”); neither admit nor deny the Findings of Fact and Conclusions of Law  
20 contained in this Order; and consent to entry of this Order by the Commission.

21 I.

22 FINDINGS OF FACT

23 1. M.G. Natural Resources Corporation. fka Mariah International, Guildmark Industries and  
24 M.G. Gold Corporation cka Xenolix Technologies, Inc. (“M.G. Gold”), whose last known business

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1 address is 34 Maple St., Summit, NJ 07901. On or about January 13, 1997, Mariah International  
2 And Guildmark Industries were merged to form M.G. Gold. M.G. Gold subsequently changed its  
3 name to M.G. Natural Resources Corporation on November 18, 1998. M.G. Natural Resources  
4 Corporation subsequently changed its name to Xenolix Technologies, Inc. on June 16, 2000.

5 2. MERLE AMUNDSON ("M. AMUNDSON"), whose last known residence address is 427  
6 East Amber Ridge Way, Phoenix, AZ 85048 was the chief operating officer and director of M.G. Gold  
7 from on or about January 13, 1997 until September of 1998. From September of 1998 through October  
8 of 1999, M. AMUNDSON held to offices of president, chief executive officer and director of M.G.  
9 Gold.

10 3. JEANNE AMUNDSON ("J. AMUNDSON"), whose last known residence address is 427  
11 East Amber Ridge Way, Phoenix, AZ 85048, was corporate secretary/treasurer of M.G. Gold from  
12 January of 1997 through October of 1999. In addition, from September of 1998 through October of  
13 1999 J. AMUNDSON was a director of M.G. Gold.

14 4. M.G. Gold was incorporated in Nevada on August 26, 1996. M.G. Gold was the successor  
15 company from a merger between Mariah International, a Utah corporation and Guildmark Industries, a  
16 Delaware corporation.

17 5. M.G. Gold then changed its name to M.G. Natural Resources Corporation on November 18,  
18 1998. On June 16, 2000, M.G. Natural Resources Corporation changed its name to Xenolix  
19 Technologies, Inc.

20 6. M.G. Gold has been attempting to develop technology that would allow for the economical  
21 identification and recovery of precious metals from scoria, volcanic cinders or other media purported to  
22 contain precious metals. M.G. Gold also owns approximately 413 acres of land located near Flagstaff,  
23 Arizona. Situated on this land is volcanic cinder cone. In addition, M.G. Gold owns an ore processing  
24 plant near Winslow, Arizona.

25 7. On or about April 1, 1997, M.G. Gold, directly or indirectly through M. AMUNDSON and  
26 J. AMUNDSON and others offered and sold stock in M.G. Gold to 71 investors raising approximately

1 \$750,000. This offering was made in reliance upon an exemption from state and federal securities  
2 registration requirements. However, the offering was made to offerees and investors that were outside  
3 the parameters of the exemption. Little or no disclosures were provided to the investors prior to their  
4 investment.

5 8. In about April of 1997, M.G. Gold, directly or indirectly through M. AMUNDSON and J.  
6 AMUNDSON, learned that the exemption relied upon in connection with the offering reference in  
7 paragraph 7 above was invalid or otherwise ineffective. Accordingly, M.G. Gold offered rescission to  
8 the 71 investors in the April 1, 1997 offering. Approximately 18 investors requested a refund totaling  
9 approximately \$250,000. The remaining investors chose to keep their stock in M.G. Gold. The  
10 investors were not provided a disclosure document explaining the reasons for the rescission.

11 9. On or about March 16, 1998, M.G. Gold, directly or indirectly through M. AMUNDSON  
12 and J. AMUNDSON and others offered one million shares of stock in M.G. Gold to a number of  
13 offerees. No sales of the stock were made. No offering documents were provided to the offerees. The  
14 offering was withdrawn when M.G. Gold learned that the use to which the monies were to be applied  
15 (*i.e.* development of another mine property) was no longer viable.

16 10. On or about December 9, 1998, M.G. Gold, directly or indirectly through M. AMUNDSON  
17 and J. AMUNDSON and others offered and sold stock to at least 42 investors. M.G. Gold raised  
18 \$995,000 on this offering. Although the offering documents represented that only accredited investors  
19 were able to invest, there were a number of unaccredited investors who purchased stock through this  
20 offering. This offering was made in reliance upon an exemption from federal securities registration  
21 requirements. There was no Arizona exemption. The offering was made to offerees and investors that  
22 were outside the parameters of the exemption.

23 11. None of the above referenced offerings were registered at the Division or the Securities and  
24 Exchange Commission.

25 12. M. AMUNDSON and J. AMUNDSON are not registered securities salesmen or dealers.  
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1 c) In connection with the offer to sell or sale of securities within or from Arizona, making  
2 any untrue statement of material fact, or omitting to state any material fact necessary in  
3 order to make the statements made, in the light of the circumstances under which they  
4 were made, not misleading in violation of A.R.S. § 44-1991.

5 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that MERLE AMUNDSON and  
6 JEANNE AMUNDSON cooperate fully with the Securities Division in any ongoing investigations,  
7 administrative proceedings against other persons arising from the activities described in this Order.

8 IT IS FURTHER ORDERED, pursuant to A.R.S. §44-2036, that MERLE AMUNDSON and  
9 JEANNE AMUNDSON shall each pay an administrative penalty in the amount of \$5,000, payable to  
10 the State of Arizona at the entry of this order.

11 IT IS FURTHER ORDERED that should MERLE AMUNDSON and JEANNE AMUNDSON  
12 violate any of the orders prescribed above, the Securities Division may vacate this consent order and  
13 reinstate legal proceedings against MERLE AMUNDSON and JEANNE AMUNDSON.

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1 IT IS FURTHER ORDERED that this Order shall become effective immediately

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3 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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6 CHAIRMAN

COMMISSIONER

COMMISSIONER

7 IN WITNESS WHEREOF, I, Brian C. McNeil, Executive  
8 Secretary of the Arizona Corporation Commission, have  
9 hereunto set my hand and caused the official seal of the  
10 Commission to be affixed at the Capitol, in the City of  
11 Phoenix, this \_\_\_\_ day of \_\_\_\_\_,

12 \_\_\_\_\_  
13 BRIAN C. McNEIL  
14 Executive Secretary

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16 \_\_\_\_\_  
17 DISSENT

18 This document is available in alternative formats by contacting Cynthia Mercurio-Sandoval, ADA  
19 Coordinator, voice phone number 602/542-0838, E-mail [csandoval@cc.state.az.us](mailto:csandoval@cc.state.az.us).

1 CONSENT TO ENTRY OF ORDER BY THE COMMISSION  
2 AND WAIVER OF HEARING

3 MERLE AMUNDSON ("M. AMUNDSON") acknowledges that he has been fully advised of  
4 his right to a hearing to present evidence and call witnesses. M. AMUNDSON waives all hearing  
5 procedures and the right to appeal provided by the Securities Act of Arizona with respect to this Order  
6 to Cease and Desist, Order for Administrative Penalties ("Order") and Consent to Entry of Order  
7 ("Consent").

8 M. AMUNDSON admits the jurisdiction of the Arizona Corporation Commission  
9 ("Commission") with respect to matters set forth in this Order and Consent.

10 M. AMUNDSON neither admits nor denies the Findings of Fact and Conclusions of law  
11 contained in this Order and Consent.

12 M. AMUNDSON agrees that, as a part of the settlement reached herein, he will not apply for  
13 registration as a securities dealer or salesman, or for licensure as an investment advisor or investment  
14 advisor representative, under the Securities Act of Arizona or the Investment Management Act of  
15 Arizona, at any time in the future.

16 M. AMUNDSON states that his entry into this Consent is a voluntary act and that no promise  
17 was made nor coercion used to induce him to enter into it.

18 M. AMUNDSON consents to the entry of this Order.

19 M. AMUNDSON understands that this Consent does not preclude any other agency, officer of  
20 this State or its subdivision, from instituting other civil or criminal proceedings now or in the future.

21 While this Order settles all pending matters between M. AMUNDSON and the Commission,  
22 M. AMUNDSON understands that this Consent does not preclude the Commission from instituting

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1 other administrative, civil, or criminal proceedings, now or in the future, based on facts not presently  
2 known by the Commission or matters which are not covered by the Order.

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4 Mede Amador  
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6 SUBSCRIBED TO AND SWORN BEFORE me this 6<sup>th</sup> day of September  
7 2000, by

8 Nancy Dezember Kea  
9 NOTARY PUBLIC

10 My Commission Expires:



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1 CONSENT TO ENTRY OF ORDER BY THE COMMISSION  
2 AND WAIVER OF HEARING

3 JEANNE AMUNDSON ("J. AMUNDSON") acknowledges that she has been fully advised of  
4 her right to a hearing to present evidence and call witnesses. J. AMUNDSON waives all hearing  
5 procedures and the right to appeal provided by the Securities Act of Arizona with respect to this Order  
6 to Cease and Desist, Order for Administrative Penalties ("Order") and Consent to Entry of Order  
7 ("Consent").

8 J. AMUNDSON admits the jurisdiction of the Arizona Corporation Commission  
9 ("Commission") with respect to matters set forth in this Order and Consent.

10 J. AMUNDSON neither admits nor denies the Findings of Fact and Conclusions of law  
11 contained in this Order and Consent.

12 J. AMUNDSON agrees that, as a part of the settlement reached herein, he will not apply for  
13 registration as a securities dealer or salesman, or for licensure as an investment advisor or investment  
14 advisor representative, under the Securities Act of Arizona or the Investment Management Act of  
15 Arizona, at any time in the future.

16 J. AMUNDSON states that her entry into this Consent is a voluntary act and that no promise  
17 was made nor coercion used to induce her to enter into it.

18 J. AMUNDSON consents to the entry of this Order.

19 J. AMUNDSON understands that this Consent does not preclude any other agency, officer of  
20 this State or its subdivision, from instituting other civil or criminal proceedings now or in the future.

21 While this Order settles all pending matters between J. AMUNDSON and the Commission, J.  
22 AMUNDSON understands that this Consent does not preclude the Commission from instituting other

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1 administrative, civil, or criminal proceedings, now or in the future, based on facts not presently known  
2 by the Commission or matters which are not covered by the Order.

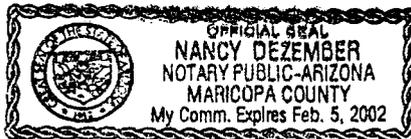
3  
4 Jeanne M. Amundson  
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6 SUBSCRIBED TO AND SWORN BEFORE me this 6<sup>th</sup> day of September,

7 2000, by

8 Nancy DeZember Keen  
9 NOTARY PUBLIC

10 My Commission Expires:



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