

415



0000116351

OPEN MEETING ITEM

ORIGINAL

RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

2001 DEC -5 P 3: 04

WILLIAM A. MUNDELL  
Chairman  
JIM IRVIN  
Commissioner  
MARC SPITZER  
Commissioner

DOCKETED

AZ CORP COMMISSION  
DOCUMENT CONTROL

DEC 05 2001

DOCKETED BY	<i>mac</i>
-------------	------------

In the matter of

00-0000

DOCKET NO. S-03356A-~~01~~-0000

M.G. NATURAL RESOURCES CORPORATION fka Mariah International, Guildmark Industries and M.G. Gold Corporation, currently known as XENOLIX TECHNOLOGIES, INC. 34 Maple St. Summit, NJ 07901

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

ALVIN CHARLES JOHNSON, JR. 1930 East Third Street, Suite 11 Tempe, AZ 85281,

ORDER TO CEASE AND DESIST,  
ORDER TO OFFER RESCISSION,  
ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME  
BY: M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES, INC.) and ALVIN CHARLES JOHNSON JR.

Respondents.

*- Wendy Coy -*

RESPONDENT M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES, INC.) and RESPONDENT ALVIN CHARLES JOHNSON JR., ("JOHNSON") (collectively "RESPONDENTS") elect to permanently waive their right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801, et seq. ("Securities Act") with respect to this Order To Cease And Desist, Order To Offer Rescission, Order For Administrative Penalties And Consent To Same ("Order"). RESPONDENTS admit the jurisdiction of the Arizona Corporation Commission ("Commission"); admit, only for purposes of this proceeding and any other administrative proceeding before the Commission or any other agency of the state of Arizona, the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

...  
...

## I.

## FINDINGS OF FACT

1  
2  
3 1. On May 15, 1997, Mariah International and Guildmark Industries merged with M.G.  
4 Gold Corporation. M.G. Gold Corporation was the surviving corporation. M.G. Gold  
5 Corporation, through a name change, became M.G. NATURAL RESOURCES on November 18,  
6 1998. M.G. NATURAL RESOURCES, through a name change, became XENOLIX  
7 TECHNOLOGIES, INC. on June 16, 2000 to the present.

8 2. Initially, M.G. NATURAL RESOURCES (XENOLIX TECHNOLOGIES, INC.) was  
9 in the business of exploring and developing mining property and natural resource opportunities.  
10 The business changed in about December of 1999 to focus on developing technology for the  
11 economical extraction of precious metals.

12 3. M.G. NATURAL RESOURCES' (XENOLIX TECHNOLOGIES, INC.) shares were  
13 traded on the National Association of Securities Dealers, Inc.'s electronic bulletin board. M.G.  
14 NATURAL RESOURCES (XENOLIX TECHNOLOGIES, INC.) became ineligible for  
15 quotation as of February 2000. Since that time, quotes for the company's stock have been  
16 published in the National Quotation Bureau's "Pink Sheets."

17 4. RESPONDENTS are attempting to develop technology that would allow for the  
18 economical identification and recovery of precious metals from scoria, volcanic cinders or other  
19 media. M.G. NATURAL RESOURCES (XENOLIX TECHNOLOGIES, INC.) owned  
20 approximately 413 acres of land located near Flagstaff, Arizona. Situated on this land is a volcanic  
21 cinder cone. In addition, M.G. NATURAL RESOURCES (XENOLIX TECHNOLOGIES, INC.)  
22 owns an ore processing plant near Winslow, Arizona.

23 5. On or about April 1, 1997, M.G. NATURAL RESOURCES (XENOLIX  
24 TECHNOLOGIES, INC.) offered for sale and sold stock in M.G. NATURAL RESOURCES  
25 (XENOLIX TECHNOLOGIES, INC.) to 71 investors raising approximately \$750,000. Other than a  
26

1 general oral description of the company's business, little or no disclosures were provided to the  
2 investors prior to their investment.

3 6. In about April of 1997, M.G. NATURAL RESOURCES (XENOLIX  
4 TECHNOLOGIES, INC.) offered rescission to the 71 investors in the April 1, 1997 offering.  
5 Approximately 18 investors requested and received a refund totaling approximately \$250,000. The  
6 remaining investors chose to keep their stock in M.G. NATURAL RESOURCES. The investors  
7 were not provided a disclosure document explaining the reasons for the rescission.

8 7. In or about December of 1998, an entity controlled by JOHNSON and an associate,  
9 Johnson Lett & Company ("Johnson/Lett"), entered into negotiations with M.G. NATURAL  
10 RESOURCES (XENOLIX TECHNOLOGIES, INC.) to sell the technologies referenced in  
11 paragraph 2 above. JOHNSON purported to have technology he developed which would allow for  
12 the economical recovery of precious metals from scoria, volcanic cinders or other media.

13 8. From the time that M.G. NATURAL RESOURCES (XENOLIX TECHNOLOGIES,  
14 INC.) and Johnson/Lett began to negotiate, M.G. NATURAL RESOURCES (XENOLIX  
15 TECHNOLOGIES, INC.) has been utilizing JOHNSON's technology.

16 9. On or about December 9, 1998, M.G. NATURAL RESOURCES (XENOLIX  
17 TECHNOLOGIES, INC.) offered and sold stock to at least 42 investors. M.G. NATURAL  
18 RESOURCES (XENOLIX TECHNOLOGIES, INC.) raised \$995,000 in this offering. Although  
19 the offering documents represented that only accredited investors were allowed to invest, M.G.  
20 NATURAL RESOURCES (XENOLIX TECHNOLOGIES, INC.) in fact sold stock to a number of  
21 unaccredited investors.

22 10. On or about May 10, 1999, the sale of technology referenced in paragraph 7 above was  
23 consummated. As a result, in exchange for 13 million shares of M.G. NATURAL RESOURCES  
24 (XENOLIX TECHNOLOGIES, INC.) common stock, M.G. NATURAL RESOURCES  
25 (XENOLIX TECHNOLOGIES, INC.) became owner of the above referenced technologies. At that  
26 time, Johnson/Lett became majority shareholder of the company.

1 11. On or about November 11, 1999, M.G. NATURAL RESOURCES (XENOLIX  
2 TECHNOLOGIES, INC.) offered for sale and sold stock for \$165,000 to approximately eight  
3 investors comprised exclusively of previous investors or individuals represented by previous  
4 investors.

5 12. In connection with the November, 1999 offering, the focus of the company changed  
6 from a mining company to a technology company. M.G. NATURAL RESOURCES (XENOLIX  
7 TECHNOLOGIES, INC.) was represented as a "high-technology" company engaged in the research  
8 and development of geological and chemical research. The funds were to be used for the normal  
9 operating expenses of M.G. NATURAL RESOURCES' (XENOLIX TECHNOLOGIES, INC.)  
10 contract laboratory in Tempe. The laboratory is owned and operated by JOHNSON. In addition, the  
11 funds were to be used for the operating costs and capital equipment purchases at the pilot plant.

12 13. Although JOHNSON did not speak directly with investors, JOHNSON indirectly  
13 benefited financially from the sale of stock. JOHNSON knew that the primary source of funds for  
14 M.G. NATURAL RESOURCES (XENOLIX TECHNOLOGIES, INC.) was from the sale of stock  
15 to investors. Moreover, the vast majority of monies paid JOHNSON were from the funds raised  
16 through the sale of stock in M.G. NATURAL RESOURCES (XENOLIX TECHNOLOGIES,  
17 INC.). Furthermore, the expenses of JOHNSON's laboratory were paid for from the proceeds of the  
18 sale of stock in M.G. NATURAL RESOURCES (XENOLIX TECHNOLOGIES, INC.).

19 14. JOHNSON assisted in the drafting of the technical information contained in the offering  
20 documents that were provided to investors. JOHNSON knew the documents would be provided to  
21 investors. In addition, JOHNSON reviewed and approved the technical information released to the  
22 public through the web site and press releases regarding the success of his technology in finding  
23 precious metals in scoria, volcanic cinders or other media.

24 15. JOHNSON has been trying since 1980 to obtain precious metals from volcanic cinders.  
25 JOHNSON claimed that he had been successful in extracting precious metals from scoria, volcanic  
26

1 cinders or other media. However, JOHNSON failed to tell investors that he had been unable to  
2 successfully replicate his technology on a commercially viable scale.

3 16. To date, no investor has received any return on his or her investment from any of the  
4 offerings that were sold based upon the successful application of JOHNSON's technologies.

5 17. Beginning on or about December 1, 1998, M.G. NATURAL RESOURCES  
6 (XENOLIX TECHNOLOGIES, INC.) issued press releases referencing JOHNSON's technology  
7 and its ability to obtain precious metals from scoria, volcanic cinders or other media. According to  
8 these releases, M.G. NATURAL RESOURCES (XENOLIX TECHNOLOGIES, INC.) intended to  
9 utilize the technology to produce commercial quantities of precious metals economically. For  
10 example, the February 16, 1999, press release stated that the Johnson/Lett technology "appears to be  
11 economical." The March 15, 1999, press release stated that Dr. Al Johnson and his associates have  
12 proven irrefutably to M.G. management, that gold can be economically extracted from cinders. The  
13 press releases issued on April 21, 1999, and May 10, 1999, stated that M.G. NATURAL  
14 RESOURCES (XENOLIX TECHNOLOGIES, INC.) had successfully transformed itself into a  
15 profitable natural resource provider with the potential to redefine the parameters of precious metals  
16 extraction.

17 18. On February 20, 2001, XENOLIX TECHNOLOGIES, INC. issued a press release  
18 stating that through the "proprietary nanotechnological processing technology" patented by  
19 XENOLIX and developed by JOHNSON, it was able to obtain non-silver precious metals from coal  
20 combustion products ("CCP"). The information the Division has obtained indicates that if any non-  
21 silver precious metals exist in CCPs it is unlikely to be the 10 - 14 Troy ounces per ton that is  
22 represented by XENOLIX. In Arizona, the main use of CCP is to make cement/concrete products.

23 19. In connection with the offering of December of 1998, M.G. NATURAL RESOURCES  
24 (XENOLIX TECHNOLOGIES, INC.) failed to disclose that, at the time the offering was made,  
25 there was a pending lawsuit for \$250,000 filed against M.G. NATURAL RESOURCES (XENOLIX  
26 TECHNOLOGIES, INC.) by a former company officer.





1 must be approved by the Director prior to its use and, should include, at a minimum the disclosures  
2 required under applicable laws.

3 1. The rescission offer shall include:

4 a. An offer to repurchase the security shall include an offer of cash equal to the  
5 fair market value of the consideration paid plus interest at the rate of 10%  
6 per annum from the date of this Order.

7 b. The offer to repurchase shall be accompanied by a prospectus and other  
8 documents making full written disclosure about the financial and business  
9 condition of the issuer and the financial and business risks associated with  
10 the retention of the securities and contain any such further information as  
11 the Division may require.

12 c. The offer to repurchase shall state that such offer may be accepted by the  
13 purchaser at any time within a specified period of not less than 45 days after  
14 the date of receipt.

15 2. Financial statements prepared in accordance with generally accepted accounting  
16 principles or other appropriate documentation as requested by the Director or the  
17 Commission, shall be provided to the Director. The funding of the rescission offer  
18 may be provided by the seller, issuer, or other third party.

19 3. Upon entry of the Order, title to the Winslow processing plant shall be transferred  
20 to a third party trustee for the benefit of investors electing to rescind their purchase  
21 of securities. In the event all investors electing rescission are repaid in full, the  
22 trustee may transfer the Winslow processing plant back to the company. The third  
23 party trustee shall be mutually agreeable to the Securities Division and the  
24 company.

25 4. The rescission offer shall be provided to investors no later than 15 days from the  
26 date of the Director's approval of the rescission offer. The rescission offer shall be

1 sent by certified mail, return receipt requested, to last known address of record of  
2 each investor.

3 5. The rescission offer shall provide that each investor's request for rescission must be  
4 received by the company within 45 days of the date of such offer in order to be  
5 valid.

6 6. Copies of responses to the rescission offer shall be provided to the Securities  
7 Division within 15 days of receipt by RESPONDENTS.

8 7. Payments to all investors requesting rescission shall be made no later than 90 days  
9 from the final date upon which such offers must be requested.

10 8. In the event the company does not have sufficient cash funds to effect rescission  
11 within the time specified, the Winslow processing plant shall be sold by the trustee  
12 and the proceeds shall be used to fund the requested rescissions. In the event there  
13 are insufficient funds to cover the full amount of requested rescissions, the proceeds  
14 of the sale of the Winslow processing plant shall be distributed on a pro rata basis to  
15 all investors requesting rescission.

16 IT IS FURTHER ORDERED that RESPONDENTS must submit verification to the  
17 Director no later than 15 days after completion of the rescission offer when the rescission offer has  
18 been completed and the appropriate funds paid. The verification shall verify to the Director that  
19 the rescission offer was made in accordance with this Order. In addition, the following information  
20 must be included in the verification:

21 1. Names, addresses and telephone numbers of all investors who requested rescission,  
22 the amount the investors were entitled to receive and the amount paid to such  
23 investors.

24 2. Names, addresses, and telephone numbers of all investors who declined the  
25 rescission offer.

26 3. Copies of all certified mail return receipts.

1 IT IS FURTHER ORDERED that if RESPONDENTS do not comply with this rescission  
2 order, the entire amount sold becomes immediately due and payable as restitution. The amount  
3 sold was \$1,708,500. Therefore, the restitution amount shall be up to \$1,708,500, less any funds  
4 received. Any restitution order would exclude those listed in the list mutually agreeable to the  
5 company and the Securities Division discussed below.

6 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS, their  
7 agents, employees, successors and assigns, provide the following disclosures on all documents  
8 disseminated to the public, placed on the company web site or in any other manner is made public  
9 until such time as the disclosure is no longer accurate:

10 There is no assurance that the company's proprietary technology nor the patents it  
11 holds will be commercially successful, nor any assurance that if they are, that the  
12 company will be able to exploit them. The Arizona Corporation Commission,  
13 Securities Division, based upon experts from Arizona State agencies, the U.S.  
14 Bureau of Land Management and other Federal agencies, disputes the company's  
15 proprietary technologies, and its purported assaying technology. The Corporation  
16 Commission, Securities Division, using the same experts, also disputes the  
17 presence, in Arizona, of deposits of economic grade primary platinum group  
18 metals.

19 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS, their  
20 agents, employees, successors and assigns, provide the following disclosures on all documents  
21 disseminated to the public in connection with any future securities offerings and placed on the  
22 company web site until such time as the disclosure is no longer accurate:

- 23 • The company's sole source of capital has been from investors since  
24 inception. To date, the company has only had immaterial income from the  
25 sale of precious metals.
- 26 • The value of the security offered is materially dependent on the fulfillment  
or accomplishment of a future condition, promotion, or development  
instead of the issuer's present tangible assets or conditions.
- There is no assurance that the company's proprietary technology will ever  
be economically viable.

1 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS, their  
2 agents, employees, successors and assigns, provide the following disclosure, as written, in  
3 connection with any future securities offerings:

4 "These are speculative securities. You should purchase these securities only if you can  
5 afford a complete loss of your investment."

6 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that the officers, directors and  
7 other related individuals or entities, as set forth in a list mutually agreeable to the company and the  
8 Securities Division, may not transfer, sell, pledge, hypothecate, or otherwise encumber their shares  
9 of M.G. NATURAL RESOURCES (XENOLIX TECHNOLOGIES, INC.) until the rescission offer  
10 and payments thereon have been completed. The mutually agreeable list will be provided to the  
11 transfer agent upon entry of this Order.

12 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDENT M.G.  
13 NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES, INC.) shall pay an  
14 administrative penalty in the amount of \$10,000.00, payable to the "State of Arizona." The  
15 administrative penalty will be reduced to \$5,000.00 if the rescission offer is completed and all  
16 securities holders who request rescission are repaid. Payment of the reduced amount shall be paid  
17 in full by cashier's check or money order on the effective date of this Order. If the rescission offer  
18 is not completed the remaining administrative penalty will be immediately due and payable.

19 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDENT ALVIN  
20 CHARLES JOHNSON JR, shall pay an administrative penalty in the amount of \$5,000.00,  
21 payable to the "State of Arizona." The administrative penalty will be reduced to \$2,500.00 if the  
22 rescission offer is completed and all securities holders who request rescission are repaid. Payment

23 ...

24 ...

25 ...

26 ...

1 of the reduced amount shall be paid in full by cashier's check or money order on the effective date  
2 of this Order. If the rescission offer is not completed the remaining administrative penalty will be  
3 immediately due and payable.

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

COMMISSIONER

9 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
10 Executive Secretary of the Arizona Corporation  
11 Commission, have hereunto set my hand and caused the  
12 official seal of the Commission to be affixed at the  
13 Capitol, in the City of Phoenix, this \_\_\_\_\_ day of  
14 \_\_\_\_\_, 2001.

15 \_\_\_\_\_  
16 BRIAN C. McNEIL  
17 Executive Secretary

18 \_\_\_\_\_  
19 DISSENT

20 This document is available in alternative formats by contacting Shelly M. Hood, ADA Coordinator,  
21 voice phone number 602-542-3931, E-mail [shood@cc.state.az.us](mailto:shood@cc.state.az.us).

22 wlc

23 N:\ENFORCE\CASES\MGGOLD.WC\PLEADING\JOHNSON AND MG Consent1.doc  
24  
25  
26

**CONSENT TO ENTRY OF ORDER**

1  
2 1. M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES,  
3 INC.), admits the jurisdiction of the Commission over the subject matter of this proceeding. M.G.  
4 NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES, INC.)  
5 acknowledges that it has been fully advised of its right to a hearing to present evidence and call  
6 witnesses and M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES,  
7 INC.) knowingly and voluntarily waives any and all rights to a hearing before the Commission and  
8 all other rights otherwise available under Article 11 of the Securities Act and Title 14 of the  
9 Arizona Administrative Code. M.G. NATURAL RESOURCES CORPORATION (XENOLIX  
10 TECHNOLOGIES, INC.) acknowledges that this Order To Cease And Desist, Order To Offer  
11 Rescission, Order For Administrative Penalties And Consent To Same ("Order") constitutes a  
12 valid final order of the Commission.

13 2. M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES,  
14 INC.) knowingly and voluntarily waives any right it may have under Article 12 of the Securities  
15 Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the  
16 entry of this Order.

17 3. M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES,  
18 INC.) acknowledges and agrees that this Order is entered into freely and voluntarily and that no  
19 promise was made or coercion used to induce such entry.

20 4. M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES,  
21 INC.) acknowledges that it has been represented by counsel in this matter, has reviewed this Order  
22 with its attorney and understands all terms it contains.

23 5. M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES,  
24 INC.) admits, only for purposes of this proceeding and any other administrative proceeding before  
25 the Commission or any other agency of the state of Arizona, the Findings of Fact and Conclusions  
26 of Law contained in this Order.

1           6. By consenting to the entry of this Order, M.G. NATURAL RESOURCES  
2 CORPORATION (XENOLIX TECHNOLOGIES, INC.) agrees not to take any action or to make,  
3 or permit to be made, any public statement denying, directly or indirectly, any Finding of Fact or  
4 Conclusion of Law in this Order or creating the impression that this Order is without factual basis.  
5 M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES, INC.) will  
6 undertake steps necessary to assure that all of its agents and employees understand and comply  
7 with this agreement.

8           7. While this Order settles this administrative matter between M.G. NATURAL  
9 RESOURCES CORPORATION (XENOLIX TECHNOLOGIES, INC.) and the Commission,  
10 M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES, INC.)  
11 understands that this Order does not preclude the Commission from instituting other administrative  
12 proceedings based on violations that are not addressed by this Order.

13           8. M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES,  
14 INC.) understands that this Order does not preclude the Commission from referring this matter to  
15 any governmental agency for administrative, civil, or criminal proceedings that may be related to  
16 the matters addressed by this Order.

17           9. M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES,  
18 INC.) understands that this Order does not preclude any other agency or officer of the state of  
19 Arizona or its subdivisions from instituting administrative, civil or criminal proceedings that may  
20 be related to matters addressed by this Order.

21           10. M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES,  
22 INC.) agrees that it will not exercise any control over any entity, other than itself, that offers or  
23 sells securities issued by any entity other than itself or provides investment advisory services,  
24 within or from Arizona.

25           11. M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES,  
26 INC.) agrees that until any rescission and penalties are paid in full, M.G. NATURAL

1 RESOURCES CORPORATION (XENOLIX TECHNOLOGIES, INC.) will notify the Director of  
2 the Securities Division within 30 days of any change in address and/or ownership.

3 12. M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES,  
4 INC.) understands that default shall render it liable to the Commission for its costs of collection  
5 and interest at the maximum legal rate.

6 13. M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES,  
7 INC.) agrees that it will continue to cooperate with the Securities Division.

8 14. M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES,  
9 INC.) agrees that it will comply with all disclosure requirements listed in the Order.

10 15. M.G. NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES,  
11 INC.) agrees that it will comply with the lock up agreement and not transfer any officer's or  
12 director's shares as specified in the Order.

13 ...

14 ...

15 ...

16 ...

17 ...

18 ...

19 ...

20 ...

21 ...

22 ...

23 ...

24 ...

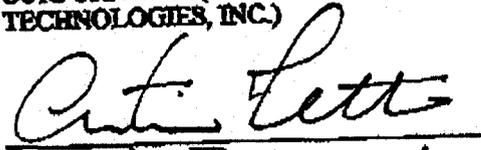
25 ...

26 ...

Docket No. S-03356A-01-0000

1 16. M.G. NATURAL RESOURCES CORPORATION (KENOLIX TECHNOLOGIES,  
 2 INC.) consents to the entry of this Order and agrees to be fully bound by its terms and conditions.  
 3 If M.G. NATURAL RESOURCES CORPORATION (KENOLIX TECHNOLOGIES, INC.)  
 4 breaches any provision of this Order, the Commission may vacate this Order and restore this case  
 5 to its active docket.

6 M.G. NATURAL RESOURCES  
 7 CORPORATION (KENOLIX  
 8 TECHNOLOGIES, INC.)

9   
 10 By: its President  
 11 its duly authorized agent

12 SUBSCRIBED AND SWORN TO BEFORE me this \_\_\_\_\_ day of \_\_\_\_\_, 2001.  
 13  
 14

15 NOTARY PUBLIC

16 My Commission Expires:  
 17 \_\_\_\_\_  
 18  
 19  
 20  
 21  
 22  
 23  
 24  
 25  
 26

**CONSENT TO ENTRY OF ORDER**

1  
2 1. ALVIN CHARLES JOHNSON, JR., an individual, admits the jurisdiction of the  
3 Commission over the subject matter of this proceeding. ALVIN CHARLES JOHNSON, JR.  
4 acknowledges that he has been fully advised of his right to a hearing to present evidence and call  
5 witnesses and ALVIN CHARLES JOHNSON, JR. knowingly and voluntarily waives any and all  
6 rights to a hearing before the Commission and all other rights otherwise available under Article 11  
7 of the Securities Act and Title 14 of the Arizona Administrative Code. ALVIN CHARLES  
8 JOHNSON, JR. acknowledges that this Desist Order To Cease And Desist, Order Of Rescission,  
9 Order For Administrative Penalties And Consent To Same ("Order") constitutes a valid final order  
10 of the Commission.

11 2. ALVIN CHARLES JOHNSON, JR. knowingly and voluntarily waives any right he  
12 may have under Article 12 of the Securities Act to judicial review by any court by way of suit,  
13 appeal, or extraordinary relief resulting from the entry of this Order.

14 3. ALVIN CHARLES JOHNSON, JR. acknowledges and agrees that this Order is entered  
15 into freely and voluntarily and that no promise was made or coercion used to induce such entry.

16 4. ALVIN CHARLES JOHNSON, JR. acknowledges that he has been represented by  
17 counsel in this matter, has reviewed this Order with his attorney and understands all terms it  
18 contains.

19 5. ALVIN CHARLES JOHNSON, JR. admits, only for purposes of this proceeding and  
20 any other administrative proceeding before the Commission or any other agency of the state of  
21 Arizona, the Findings of Fact and Conclusions of Law contained in this Order.

22 6. By consenting to the entry of this Order, ALVIN CHARLES JOHNSON, JR. agrees  
23 not to take any action or to make, or permit to be made, any public statement denying, directly or  
24 indirectly, any Finding of Fact or Conclusion of Law in this Order or creating the impression that  
25 this Order is without factual basis. ALVIN CHARLES JOHNSON, JR. will undertake steps  
26

1 necessary to assure that all of his agents and employees understand and comply with this  
2 agreement.

3 7. While this Order settles this administrative matter between ALVIN CHARLES  
4 JOHNSON, JR. and the Commission, ALVIN CHARLES JOHNSON, JR. understands that this  
5 Order does not preclude the Commission from instituting other administrative proceedings based  
6 on violations that are not addressed by this Order.

7 8. ALVIN CHARLES JOHNSON, JR. understands that this Order does not preclude the  
8 Commission from referring this matter to any governmental agency for administrative, civil, or  
9 criminal proceedings that may be related to the matters addressed by this Order.

10 9. ALVIN CHARLES JOHNSON, JR. understands that this Order does not preclude any  
11 other agency or officer of the state of Arizona or its subdivisions from instituting administrative,  
12 civil or criminal proceedings that may be related to matters addressed by this Order.

13 10. ALVIN CHARLES JOHNSON, JR. agrees that he will not apply to the state of Arizona  
14 for registration as a securities dealer or salesman or for licensure as an investment adviser or  
15 investment adviser representative at any time in the future.

16 11. ALVIN CHARLES JOHNSON, JR. agrees that he will not exercise any control over  
17 any entity, other than M.G. NATURAL RESOURCES CORPORATION (XENOLIX  
18 TECHNOLOGIES, INC.), that offers or sells securities issued by any entity other than M.G.  
19 NATURAL RESOURCES CORPORATION (XENOLIX TECHNOLOGIES, INC.) or provides  
20 investment advisory services, within or from Arizona.

21 12. ALVIN CHARLES JOHNSON, JR. agrees that until rescission and penalties are paid  
22 in full, ALVIN CHARLES JOHNSON, JR. will notify the Director of the Securities Division  
23 within 30 days of any change in home address or any change in his ability to pay amounts due  
24 under this Order.

25 13. ALVIN CHARLES JOHNSON, JR. understands that default shall render him liable to  
26 the Commission for its costs of collection and interest at the maximum legal rate.

Docket No. S-03356A-01-0000

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

14. ALVIN CHARLES JOHNSON, JR. agrees that he will comply with all disclosure requirements listed in the Order.

15. ALVIN CHARLES JOHNSON, JR. agrees that it will comply with the lock up agreement and not transfer any officer's or director's shares as specified in the Order.

16. ALVIN CHARLES JOHNSON, JR. agrees that he will continue to cooperate with the Securities Division including, but not limited to, providing complete and accurate testimony at any hearing in this matter and cooperating with the state of Arizona in any related investigation or any other matters arising from the activities described in this Order.

17. ALVIN CHARLES JOHNSON, JR. consents to the entry of this Order and agrees to be fully bound by its terms and conditions. If ALVIN CHARLES JOHNSON, JR. breaches any provision of this Order, the Commission may vacate this Order and restore this case to its active docket.

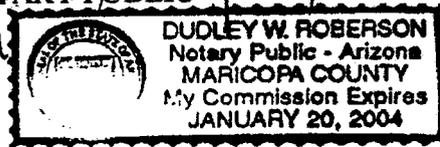
*Alvin Charles Johnson, Jr.*  
ALVIN CHARLES JOHNSON, JR.

SUBSCRIBED AND SWORN TO BEFORE me this 4 day of December, 2001.

*Dudley W. Roberson*  
NOTARY PUBLIC

My Commission Expires:

JANUARY 20, 2004



To:  
Wendy  
Coy