

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

2010 DEC 16 P 2: 38

Arizona Corporation Commission

DOCKETED

DEC 16 2010

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

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In the matter of:
 KING SOLOMON MINING, LLC, an
 Arizona limited liability company,
 DANIEL F. THOMPSON, SR. and ROBIN
 ANN THOMPSON, husband and wife, and
 LISA A. SHACKLEY, an unmarried
 individual,
 Respondents.

DOCKET NO. S-20776A-10-0501

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

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 KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR. and LISA A SHACKLEY are engaging in or are about to engage in acts and practices that constitute violations of A.R.S. § 44-1801, *et seq.*, the Arizona Securities Act ("Securities Act").

I.

JURISDICTION

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

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1 **II.**

2 **RESPONDENTS**

3 2. KING SOLOMON MINING, LLC ("KING SOLOMON"), since June 9, 2008, has
4 been an Arizona limited liability company with an office in Glendale, Arizona.

5 3. DANIEL F. THOMPSON, SR. ("THOMPSON") is a resident of Glendale, Arizona.
6 THOMPSON is a member of KING SOLOMON.

7 4. LISA A. SHACKLEY ("SHACKLEY") is a resident of Glendale, Arizona.
8 SHACKLEY is a member of KING SOLOMON.

9 5. KING SOLOMON, THOMPSON and SHACKLEY may be referred to collectively
10 as "Respondents."

11 6. ROBIN ANN THOMPSON ("R. THOMPSON") at all relevant times has been the
12 spouse of Respondent THOMPSON. R. THOMPSON may be referred to as "Respondent Spouse."
13 Respondent Spouse is joined in this action under A.R.S. § 44-2031(C) solely for purposes of
14 determining the liability of the marital community.

15 7. At all relevant times, Respondent THOMPSON was acting for his own benefit and
16 for the benefit or in furtherance of his marital community.

17 **III.**

18 **FACTS**

19 8. Since at least August of 2010, Respondents have operated a website at
20 www.kingsolomonmining.com that states: "Dear Potential Investor, We are actively seeking
21 enthusiastic investors to assist us in the development of an underground gold/silver mining
22 operation site about 7 miles northeast of Wickenburg, Arizona."

23 9. According to the website, Respondents are seeking \$1,200,000 to commence
24 operations. On the website, Respondents provide a table with two sections. The first section of the
25 table is titled "Start-up Estimate (Mill Site)" and the second "Start-up Estimate (Mines)."

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1 10. The table is intended to describe how the \$1,200,000 would be disbursed. Each of
2 the two sections of the table includes a salary amount for the “co-owner site manager” of \$39,000.
3 The table sets forth additional expenditures to acquire equipment, pay the salary of a mining
4 engineer and other start-up expenses.

5 11. According to the website, “The people [co-owner site manager and mining
6 engineer] that are involved in this project all share experiences including a 14 year veteran of
7 underground mining with 27 years of mineral experience in geology, laboratory and assay work.”

8 12. Respondents plan to repay the investors “in three to six years with a structured
9 arrangement bound by a binding contract TBD.” Additionally, according to the website, the
10 amount (\$1,200,000) sought by Respondents from investors “. . . was assumed to come in the form
11 of a three to six year contracted business loan.”

12 13. Respondents assert that the “financial requirement obtained for [KING SOLOMON]
13 will be guaranteed by the projected proceeds generated from [KING SOLOMON].”

14 14. Respondents state that the mission of KING SOLOMON is “[t]o engage in the
15 business of Underground Hard Rock Mining of gold and silver. Marketing our refined and
16 unrefined metals to bullion dealers, refineries and the jewelry industry.” Respondents state that one
17 of the keys to success is that the owner will be working on site during business hours.

18 15. The website lists the management experience of Joseph C. Shackley. Joseph C.
19 Shackley passed away on January 9, 2009. Joseph C. Shackley’s spouse, SHACKLEY, became a
20 member of KING SOLOMON in September of 2009.

21 16. For more information about KING SOLOMON, the website includes THOMPSON
22 and SHACKLEY as contact names and lists their Arizona telephone numbers.

23 17. On or about November 8, 2010, an Arizona offeree contacted SHACKLEY at the
24 telephone number listed on the website. SHACKLEY stated that they were still looking for
25 investors and directed the Arizona offeree to contact THOMPSON. SHACKLEY then provided
26 THOMPSON’s Arizona telephone number (the same one listed on the website).

1 18. When contacted by the Arizona offeree, THOMPSON reiterated that they were still
2 looking for investors. The Arizona offeree indicated that he had approximately \$50,000 to invest.
3 THOMPSON told the Arizona offeree that although he was looking for investors, the proposed
4 \$50,000 was not enough to start the operation. THOMPSON stated that he was looking for an
5 initial investment of \$500,000 of the necessary \$1.2 million to begin operations.

6 19. THOMPSON stated to the Arizona offeree that KING SOLOMON had set up a
7 small mining operation based upon an investor's \$300,000. THOMPSON stated that those funds
8 were used to purchase generators, compressors and drills. When the investor stopped funding
9 KING SOLOMON, THOMPSON stated that they had to shut down the operation.

10 20. THOMPSON stated to the Arizona offeree that he was expecting investment funds
11 from some people in North Carolina. THOMPSON further stated that he had invested all his own
12 retirement and savings into KING SOLOMON.

13 21. THOMPSON stated to the Arizona offeree that KING SOLOMON was a "turnkey"
14 operation that could mine six to eight tons of ore a day. However, as of December 13, 2010, the
15 applications filed by KING SOLOMON with the Bureau of Land Management were still pending.
16 KING SOLOMON could not actively mine, remove or sell any ore until the applications are
17 approved by the Bureau of Land Management. THOMPSON did not disclose to the Arizona
18 offeree that the applications were still pending with the Bureau of Land Management and there was
19 not a date certain when those applications would be approved.

20 22. On its website, KING SOLOMON claims to have a "unique, exclusive relationship
21 with the District of Arizona Federal Bureau of Land Management (BLM) land that consists of 100
22 acres in the Black Rock Mining District of Arizona along with additional underground
23 extraterritorial rights. This exclusive relationship allows [KING SOLOMON] to have continuous
24 knowledge and the utmost ability to provide refined and unrefined gold and silver at prices that are
25 20% lower than the market rate."

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1 VI.

2 VIOLATION OF A.R.S. § 44-1991

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

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

11 a) Respondents misrepresent to offerees that they have a "turnkey" operation
12 that could produce six to eight tons of ore a day when, in fact, until KING SOLOMON's
13 pending applications are approved by the Bureau of Land Management, KING SOLOMON is not
14 allowed to mine, remove or sell the ore.

15 b) Respondents failed to disclose that they had been informed in writing by a
16 mining official that, after reviewing the website, the official thought that the representations
17 made on the KING SOLOMON website may be overly optimistic and that the business analysis
18 contained on the website was "flawed."

19 31. This conduct violates A.R.S. § 44-1991.

20 VII.

21 TEMPORARY ORDER

22 Cease and Desist from Violating the Securities Act

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

25 IT IS ORDERED, pursuant to A.R.S. § 44-1972(C) and A.A.C. R14-4-307, that
26 Respondents, their agents, servants, employees, successors, assigns, and those persons in active

1 concert or participation with Respondents CEASE AND DESIST from any violations of the
2 Securities Act.

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

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

6 **VIII.**

7 **REQUESTED RELIEF**

8 The Division requests that the Commission grant the following relief:

9 1. Order Respondents to permanently cease and desist from violating the Securities
10 Act, pursuant to A.R.S. § 44-2032;

11 2. Order Respondents to take affirmative action to correct the conditions resulting from
12 Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to
13 A.R.S. §44-2032;

14 3. Order Respondents to pay the state of Arizona administrative penalties of up to five
15 thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

16 4. Order that the marital community of Respondent THOMPSON and Respondent
17 Spouse are subject to any order of restitution, rescission, administrative penalties, or other
18 appropriate affirmative action pursuant to A.R.S. § 25-215; and

19 5. Order any other relief that the Commission deems appropriate.

20 **IX.**

21 **HEARING OPPORTUNITY**

22 Each respondent, including Respondent Spouse, may request a hearing pursuant to A.R.S.
23 § 44-1972 and A.A.C. Rule 14-4-307. **If a Respondent or Respondent Spouse requests a**
24 **hearing, the requesting respondent must also answer this Temporary Order and Notice.** A
25 request for hearing must be in writing and received by the Commission within 20 days after service
26 of this Temporary Order and Notice. The requesting respondent must deliver or mail the request for

1 hearing to Docket Control, Arizona Corporation Commission, 1200 West Washington, Phoenix,
2 Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477
3 or on the Commission's Internet web site at www.azcc.gov/divisions/hearings/docket.asp.

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

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

14 Persons with a disability may request a reasonable accommodation such as a sign language
15 interpreter, as well as request this document in an alternative format, by contacting Shaylin A.
16 Bernal, ADA Coordinator, voice phone number 602/542-3931, e-mail sabernal@azcc.gov.
17 Requests should be made as early as possible to allow time to arrange the accommodation.

18 **X.**

19 **ANSWER REQUIREMENT**

20 Pursuant to A.A.C. R14-4-305, if a Respondent or Respondent Spouse requests a hearing,
21 the requesting respondent must deliver or mail an Answer to this Temporary Order and Notice to
22 Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona
23 85007, within 30 calendar days after the date of service of this Temporary Order and Notice.
24 Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the
25 Commission's Internet web site at www.azcc.gov/divisions/hearings/docket.asp.

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1 Additionally, the answering respondent must serve the Answer upon the Division.
2 Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-
3 delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix,
4 Arizona, 85007, addressed to Wendy Coy.

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

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

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

14 BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this 16th day of
15 December, 2010.

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18 Mark Dinell
19 Assistant Director of Securities
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