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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

DOCKETED

OCT 16 2012

GARY PIERCE, Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS

DOCKETED BY [nr]

In the matter of:

Chazel Capital, Inc., a Canadian corporation,

OFIR Mine Project, LP, a California limited partnership,

Kyle K. Huskin, a California resident,

Respondents.

DOCKET NO. S-20848A-12-0150

DECISION NO. 73549

ORDER TO CEASE AND DESIST, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME

BY: RESPONDENT CHAZEL CAPITAL, INC., RESPONDENT OFIR MINE PROJECT, LP, AND RESPONDENT KYLE K. HUSKIN

Respondents Chazel Capital, Inc., OFIR Mine Project, LP, and Kyle K. Huskin ("Respondents") elect to permanently waive any 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"). Respondents admit the jurisdiction of the Arizona Corporation Commission ("Commission"); neither admit nor deny the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order to Cease and Desist, Order for Administrative Penalties, and Consent to Same by the Commission.

I.

FINDINGS OF FACT

1. At all relevant times, CHAZEL CAPITAL, INC. ("CHAZEL") has been a Canadian corporation headquartered in Québec, Canada. CHAZEL was incorporated with the Registraire des Entreprises Québec (Québec Registrar of Companies) on May 26, 2010 under Number 1166612938. CHAZEL also maintains an office in San Diego, California, and has been

1 registered to do business in the state of California since May 3, 2011. CHAZEL has not been  
2 registered by the Commission as a securities salesman or dealer.

3 2. At all relevant times, OFIR MINE PROJECT, LP (“OFIR LP”) has been a limited  
4 partnership organized under the laws of the state of California on August 13, 2010, with a  
5 business address in San Diego, California. OFIR LP has not been registered by the Commission as  
6 a securities salesman or dealer.

7 3. At all relevant times, KYLE K. HUSKIN (“HUSKIN”) has been a California  
8 resident. At all relevant times, HUSKIN offered unregistered securities within and from Arizona in  
9 his individual capacity, and on behalf of CHAZEL as the “Senior VP of Acquisitions & Investor  
10 Relations.” HUSKIN has not been registered by the Commission as a securities salesman or  
11 dealer.

12 4. At all relevant times, CHAZEL has been the General Partner of OFIR LP and has  
13 acted as the managing partner of the OFIR LP partnership.

14 5. CHAZEL, OFIR LP, and HUSKIN may be referred to collectively as  
15 “Respondents.”

16 6. From at least March 26, 2012 until April 2012, CHAZEL offered investors limited  
17 partnership interests to fund a joint venture in a mining project in OFIR LP (hereafter, “limited  
18 partnership mining interests”).

19 7. CHAZEL offered limited partnership mining interests in OFIR LP to offerees via its  
20 website, <http://www.chazelcapital.com> (“Chazel website”), directly contacted one Arizona resident  
21 and offeree on March 26, 2012 (“Offeree-1”) by telephone solicitation with a follow-up email  
22 solicitation, and again offered the limited partnership mining interests to an Arizona offeree in  
23 April 2012 (“Offeree-2”).

24 8. CHAZEL solicited Offeree-1 by telephone and email on March 26, 2012. Offeree-1  
25 had no previous relationship with CHAZEL, the individual that contacted him on behalf of  
26

1 CHAZEL, or OFIR LP. The email solicitation attached a document titled "OFIR Mine Executive  
2 Summary" ("Executive Summary").

3 9. Via its email solicitation and distribution of the Executive Summary, CHAZEL  
4 represented that it is "is a privately held 'Acquisition, Mining, and Exploitation Company' that  
5 seeks out and formulates 'Profit Sharing Joint Ventures' with Junior Exploration Companies that  
6 have proven resources and are on the verge of becoming a gold producer."

7 10. CHAZEL represented to Offeree-1 via its email solicitation and Executive Summary  
8 that CHAZEL had recently obtained a 50% interest in a profit sharing joint venture in  
9 "development and exploitation" of multiple gold veins at the OFIR mine located in the Arequipa  
10 region of Peru ("OFIR Mine"). CHAZEL represented to Offeree-1 that its joint venture partner in  
11 the OFIR Mine is Rocmec Mining, Inc. ("Rocmec"), a publicly traded Canadian mining  
12 corporation traded on TSX Ventures Exchange, the Frankfurt Stock Exchange, and the OTC Pink  
13 Sheets.

14 11. CHAZEL's represented "THE OPPORTUNITY" in the limited partnership mining  
15 interests to Offeree-1 via its email solicitation and Executive Summary. The terms were as  
16 follows:

17 (a) the investment is in units of a California limited partnership, OFIR LP, with  
18 funds used "to make necessary property improvements, acquire additional mining  
19 equipment, and implement modern mechanized extraction techniques" for the OFIR  
20 Mine;

21 (b) that investors in OFIR LP will act as one of three "joint venture parties" for the  
22 OFIR Mine, including CHAZEL, Rocmec, and OFIR LP. Rocmec is to act as the  
23 mine operator, and OFIR LP is to fund the OFIR Mine project via its investors;

24 (c) the total offering price for OFIR LP is \$2,000,000;

25 (d) the minimum investment is \$10,000 for one partnership unit in OFIR LP;  
26

1 (e) 25% of the profits are to be shared between the OFIR LP investors, 25% to  
2 CHAZEL, and 50% to Rocmec, distributed quarterly for five years in cash or gold  
3 after mechanized production of the mine begins.

4 12. Via its email solicitation and Executive Summary, CHAZEL encouraged Offeree-1  
5 to contact the Investor Relations Division of CHAZEL in San Diego, California, and to visit the  
6 Chazel and Rocmec websites.

7 13. On April 6, 2012, CHAZEL again communicated with another Arizona resident and  
8 offeree ("Offeree-2") regarding the limited partnership mining interests. Offeree-2 was put in  
9 touch with HUSKIN to discuss the limited partnership mining interests on behalf of CHAZEL.  
10 Offeree-2 had no previous relationship with HUSKIN, CHAZEL or OFIR LP.

11 14. Between April 9, 2012 and April 12, 2012, Offeree-2 and HUSKIN exchanged  
12 several emails and had several telephone calls regarding the limited partnership mining interests.  
13 HUSKIN emailed Offeree-2 a subscription agreement for the investment, which offers limited  
14 partnership interests in OFIR LP to offerees at a cost of \$10,000 per unit, with a total offering of  
15 200 units.

16 15. HUSKIN represented to Offeree-2 that there were numerous investors in the limited  
17 partnership mining interests, and that the investment was low risk, stating that "the majority of the  
18 risk has been taken out".

19 16. HUSKIN also emailed Offeree-2 the Executive Summary and a Limited Partnership  
20 Agreement for OFIR LP ("Partnership Agreement"). The Partnership Agreement states that the  
21 General Partner of OFIR LP is CHAZEL, and that the

22 General Partner shall have full, exclusive and complete discretion in the  
23 management and control of the affairs of the Partnership for the purposes herein  
24 stated, and shall make all decisions affecting Partnership affairs, and shall have the  
25 exclusive rights and authority to execute and deliver on behalf of the Partnership  
26

1           such documents or instruments relating to Partnership affairs as may in his opinion  
2           be appropriate in the conduct of Partnership business . . .

3   The Partnership Agreement also states that “[t]he General Partner shall, to the best of his ability,  
4   manage and control the business of the Partnership and shall have the exclusive power to do all  
5   things which he deems necessary or advisable for such purpose.” The Partnership Agreement  
6   further states that “No Partner shall in any way participate in the management or control of the  
7   business of the Partnership or transact business in the name of the Partnership. Furthermore, no  
8   Partners shall have the power to sign for or bind the Partnership to any agreement or document.”

9           17.    At all relevant times, the Chazel website was available to the public and contained  
10   information that is similar, but not identical, to the information in the email solicitation and  
11   Executive Summary concerning the limited partnership mining interests.

12           18.    At all relevant times, on the Current Project tab of the Chazel website, CHAZEL  
13   provided offerees information about the limited partnership mining interests, and invited offerees  
14   to input their name and phone number to receive an “OFIR Mine Executive Summary”.

15           19.    The Chazel website disclosed to offerees the joint partnership with Rocmec in the  
16   OFIR Mine, represented that the mine could produce 48,000 ounces of gold, and allowed offerees  
17   to open a link to an Executive Presentation on the OFIR Mine Project (“Executive Presentation”).

18           20.    CHAZEL’s Executive Presentation provided offerees with the terms of the limited  
19   partnership mining interests set forth in Paragraph 10, and again represented that the OFIR Mine  
20   has 48,000 ounces of gold reserves.

21           21.    CHAZEL’s Executive Presentation also contains a slide titled “What’s the risk?”  
22   The slide lists no risks and only highlights purported benefits of the limited partnership mining  
23   interests.

24           22.    CHAZEL also represented to offerees via the Executive Presentation that the limited  
25   partnership mining interests are a “Turnkey opportunity - Ideal for investors who are not experts in  
26   mining deals”.





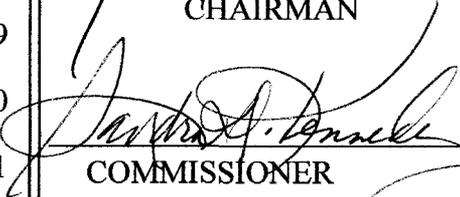
1 IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the  
2 Commission may bring further legal proceedings against that Respondent, including application to  
3 the superior court for an order of contempt.

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

5  
6 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

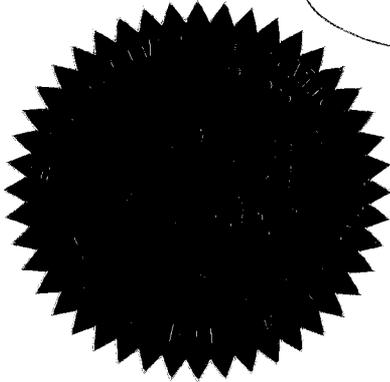
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CHAIRMAN

  
COMMISSIONER

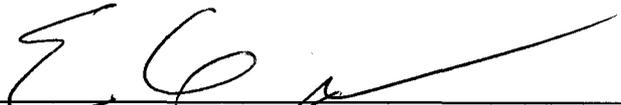
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COMMISSIONER

  
COMMISSIONER

  
COMMISSIONER



11  
12  
13 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,  
14 Executive Director of the Arizona Corporation  
15 Commission, have hereunto set my hand and caused the  
16 official seal of the Commission to be affixed at the Capitol,  
17 in the City of Phoenix, this 16<sup>th</sup> day  
18 of October, 2012.

  
19  
20 ERNEST G. JOHNSON  
21 EXECUTIVE DIRECTOR

22  
23 \_\_\_\_\_  
24 DISSENT

25  
26 \_\_\_\_\_  
DISSENT

27 This document is available in alternative formats by contacting Shaylin A. Bernal, ADA  
28 Coordinator, voice phone number 602-542-3931, e-mail [sabernal@azcc.gov](mailto:sabernal@azcc.gov).

(SLL)

**CONSENT TO ENTRY OF ORDER**

1  
2           1.       Respondents Chazel Capital, Inc., OFIR Mine Project, LP, and Kyle K. Huskin  
3 (“Respondents”) admit to the jurisdiction of the Commission over the subject matter of this  
4 proceeding, Docket No. S-20848A-12-0150. Respondents acknowledge that Respondents have  
5 been fully advised of Respondents’ right to a hearing to present evidence and call witnesses and  
6 Respondents knowingly and voluntarily waive any and all rights to a hearing before the  
7 Commission and all other rights otherwise available under Article 11 of the Securities Act and Title  
8 14 of the Arizona Administrative Code. Respondents acknowledge that this Order to Cease and  
9 Desist, Order for Administrative Penalties and Consent to Same (“Order”) constitutes a valid final  
10 order of the Commission.

11           2.       Respondents knowingly and voluntarily waive any right under Article 12 of the  
12 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief  
13 resulting from the entry of this Order.

14           3.       Respondents acknowledge and agree that this Order is entered into freely and  
15 voluntarily and that no promise was made or coercion used to induce such entry.

16           4.       Respondents acknowledge that Respondents have been represented by an attorney in  
17 this matter, Respondents have reviewed this Order with Respondents’ attorney, Richard Weintraub,  
18 and understands all terms it contains. Respondents acknowledge that their attorney has apprised  
19 them of their rights regarding any conflicts of interest arising from dual representation.  
20 Respondents acknowledge that they have each given their informed consent to such representation.

21           5.       Respondents neither admit nor deny the Findings of Fact and Conclusions of Law  
22 contained in this Order. Respondents agree that Respondents shall not contest the validity of the  
23 Findings of Fact and Conclusions of Law contained in this Order in any present or future  
24 proceeding in which the Commission or any other state agency is a party concerning the denial or  
25 issuance of any license or registration required by the state to engage in the practice of any business  
26 or profession.

1           6.     By consenting to the entry of this Order, Respondents agree not to take any action or  
2 to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of  
3 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual  
4 basis, except Respondents may represent that the Order was entered without admitting or denying  
5 the Findings of Fact and Conclusions of Law. Respondents will undertake steps necessary to  
6 assure that all of Respondents' agents and employees understand and comply with this agreement.

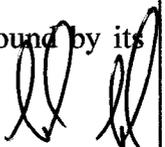
7           7.     While this Order settles this administrative matter between Respondents and the  
8 Commission, Respondents understand that this Order does not preclude the Commission from  
9 instituting other administrative or civil proceedings based on violations that are not addressed by  
10 this Order.

11          8.     Respondents understand that this Order does not preclude the Commission from  
12 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
13 that may be related to the matters addressed by this Order.

14          9.     Respondents understand that this Order does not preclude any other agency or  
15 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal  
16 proceedings that may be related to matters addressed by this Order.

17          10.    Respondents agree that Respondents will not apply to the state of Arizona for  
18 registration as a securities dealer or salesman or for licensure as an investment adviser or  
19 investment adviser representative until such time as all penalties under this Order are paid in full.

20          11.    Respondents agree that Respondents will not exercise any control over any entity  
21 that offers or sells securities or provides investment advisory services within or from Arizona until  
22 such time as all restitution and penalties under this Order are paid in full.

23          12.    Respondents consent to the entry of this Order and agree to be fully bound by its  
24 terms and conditions. 

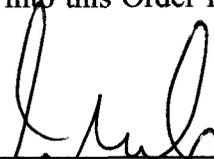


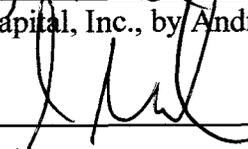
1 13. Respondents acknowledge and understand that if Respondents fail to comply with  
2 the provisions of the order and this consent, the Commission may bring further legal proceedings  
3 against Respondents, including application to the superior court for an order of contempt.

4 14. Respondents understand that default shall render Respondents liable to the  
5 Commission for its costs of collection and interest at the maximum legal rate.

6 15. Respondents agree and understand that if Respondents fail to make any payment as  
7 required in the Order, any outstanding balance shall be in default and shall be immediately due and  
8 payable without notice or demand. Respondents agree and understand that acceptance of any  
9 partial or late payment by the Commission is not a waiver of default by the Commission.

10 16. Andre Savard represents that he is President of Chazel Capital, Inc., and that Chazel  
11 Capital, Inc. is the General Partner of OFIR Mine Project, LP, and that he has been authorized by  
12 Chazel Capital, Inc. and OFIR Mine Project, LP to enter into this Order for and on behalf of both  
13 respondent entities.

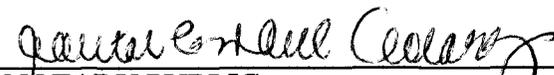
  
\_\_\_\_\_  
Chazel Capital, Inc., by Andre Savard, President

  
\_\_\_\_\_  
OFIR Mine Project, LP, by Chazel Capital, Inc.,  
General Partner / Andre Savard, President of  
Chazel Capital, Inc.

\_\_\_\_\_  
Kyle K. Huskin

20 Province of Québec  
21 ~~STATE OF CALIFORNIA~~ )  
CANADA ) ss  
22 County of Town of )  
Sardreuil-Dorion )

23 SUBSCRIBED AND SWORN TO BEFORE me this 28<sup>th</sup> day of AUGUST 2012.

  
\_\_\_\_\_  
NOTARY PUBLIC Christel LAMARRE

26

1 My commission expires:

2 lifetime — je

3 Chazel Capital, Inc.

4  
5 By André SAVARD

6 Its president

7 Province of Québec

8 ~~STATE OF CALIFORNIA~~ )

9 CANADA ) ss

10 ~~County of~~ Town of Val-d'Or ) je

11 SUBSCRIBED AND SWORN TO BEFORE me this 28<sup>th</sup> day of AUGUST 2012.

12 Chantal Gauthier  
13 NOTARY PUBLIC Chantal Gauthier

14 My commission expires:

15 lifetime — je

16 OFIR Mine Project, LP

17 By André SAVARD

18 Its president

19 STATE OF CALIFORNIA )

20 ) ss

21 County of )

22 SUBSCRIBED AND SWORN TO BEFORE me this \_\_\_\_\_ day of \_\_\_\_\_.

23  
24 \_\_\_\_\_  
25 NOTARY PUBLIC

26 My commission expires:

\_\_\_\_\_

SERVICE LIST FOR: Chazel Capital, Inc.

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Weintraub Law Group  
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Sara Scott  
10085 Carroll Canyon Road  
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*Attorneys for Respondents*

Jeffrey C. Matura  
GRAIF BARRETT & MATURA, P.C.  
1850 N. Central Ave., Suite 500  
Phoenix, AZ 85004  
*Attorneys for Respondents*

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

COMMISSIONERS

GARY PIERCE, Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS

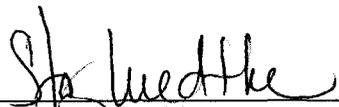
In the matter of: )  
Chazel Capital, Inc., a Canadian )  
corporation, )  
OFIR Mine Project, LP, a California limited )  
partnership, )  
Kyle K. Huskin, a California resident, )  
Respondents. )

DOCKET NO. S-20848A-12-0150

**NOTICE OF FILING OF PROPOSED OPEN MEETING AGENDA ITEM**

Pursuant to A.A.C. R14-4-303, you are hereby notified that the attached: Order to Cease and Desist, Order For Restitution, Order For Administrative Penalties and Consent to Same By: Respondent Chazel Capital, Inc., Respondent OFIR Mine Project, LP, and Respondent Kyle K. Huskin was filed with the Arizona Corporation Commission's Docket Control.

Dated: 9/21/12

By:   
Stacy L. Luedtke  
Attorney for the Securities Division of the  
Arizona Corporation Commission

I hereby certify that I have this day served the foregoing document on all parties of record in this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid to:

Weintraub Law Group  
Richard A. Weintraub  
Sara Scott  
10085 Carroll Canyon Road  
Suite 230  
San Diego, CA 92131  
*Attorneys for Respondents*

1 Jeffrey C. Matura  
2 GRAIF BARRETT & MATURA, P.C.  
3 1850 N. Central Ave., Suite 500  
4 Phoenix, AZ 85004  
5 *Attorneys for Respondents*

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BY: *June L. Dridg*