

ORIGINAL

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

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR



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ARIZONA CORPORATION COMMISSION

MEMORANDUM

DOCKET CONTROL
2012 OCT 19 AM 10 12

TO: Gary Pierce, Chairman
Bob Stump, Commissioner
Sandra D. Kennedy, Commissioner
Paul Newman, Commissioner
Brenda Burns, Commissioner

FROM: Matthew J. Neubert 
Director of Securities

DATE: October 16, 2012

RE: Larry Goldman and MT Explorations, LLC, Docket No. S-20863A-12-0438

CC: Ernest G. Johnson, Executive Director

Please find attached a proposed Order to Cease and Desist, Order for Administrative Penalties, and Consent to Same ("Consent Order") by Larry Goldman ("Mr. Goldman") and MT Explorations, LLC ("MTE"), collectively "Respondents." Mr. Goldman is an Arizona resident and MTE is an Arizona limited liability company that Goldman is a managing member of.

Respondents offered Arizona residents investments in gold mines, which promised to pay interest up to 20% plus approximately 3% of net profits from the gold mining operations. All \$322,000 of investor monies raised by Mr. Goldman was forwarded to a third-party individual and entity, which will be subject to a separate action by the Division, that represented to Mr. Goldman that they owned and operated various gold mines throughout the United States.

The Consent Order finds that Respondents violated A.R.S. §§ 44-1841 and 44-1842 because he offered an unregistered security while unregistered as a salesman. To deter future violations of the Act, the Consent Order requires Respondents to cease and desist from violating the Securities Act and pay an administrative penalty in the amount of \$5,000.

Originator: Phong (Paul) Huynh

Arizona Corporation Commission

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OCT 19 2012

DOCKETED BY 

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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)	DOCKET NO. S-20863A-12-0438
LARRY L. GOLDMAN, an individual,)	DECISION NO. _____
MT EXPLORATIONS, LLC, an Arizona limited liability company,)	ORDER TO CEASE AND DESIST, ORDER FOR ADMINISTRATIVE PENALTIES, AND CONSENT TO SAME
Respondents.)	BY: RESPONDENTS LARRY L. GOLDMAN AND MT EXPLORATIONS, LLC

Respondents Larry L. Goldman and MT Explorations, LLC ("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 for Administrative Penalties, and Consent to Same ("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 by the Commission.

I.

FINDINGS OF FACT

1. At all relevant times, LARRY L. GOLDMAN ("GOLDMAN") has been an Arizona resident.

1 2. At all relevant times, GOLDMAN offered and sold gold mining investments on behalf
2 of Respondent MT EXPLORATIONS, LLC (“MTE”) as its managing member and salesman.

3 3. MTE was organized by GOLDMAN as an Arizona limited liability on May 12, 2010.
4 At all relevant times, MTE maintained a place of business in Tucson, Arizona, and it offered and sold
5 gold mining investments within or from Arizona.

6 4. GOLDMAN and MTE may be referred to as “Respondents.”

7 5. At all relevant times, Brian Patrick Langenbach (“Langenbach”) has been a married
8 man and an Arizona resident.

9 6. EARTH EXPLORATION, LLC (“EEL”) is an Arizona limited liability company
10 organized on July 14, 2009. Langenbach is the manager of EEL.

11 8. Prior to May 5, 2010, Langenbach discussed with GOLDMAN his plan to mine and
12 extract ore and minerals from certain mines located in the United States.

13 9. On or about May 5, 2010, EEL and MTE entered into a profit sharing agreement
14 (“PSA”) that contained the following terms:

15 a) The Helena-Missouri River Montana Mine is the location of the mining
16 property;

17 b) MTE would loan EEL up to \$125,000;

18 c) EEL shall pay MTE a production profit up to 5% of the net proceeds;

19 d) EEL would also pay MTE interest of 20% on the loaned amount; and

20 e) EEL would repay the principal on or before November 10, 2010.

21 10. Langenbach signed the PSA on behalf of EEL, as its manager, and GOLDMAN
22 signed the PSA on behalf of MTE, as its manager.

23 11. On or about September 1, 2010, EEL and MTE entered into a second profit sharing
24 agreement that contained the same general terms above but cited the Stanton Road Project placer
25 mine as the new mining location and an amount of \$125,000 would be loaned from MTE to EEL.
26

1 12. At all relevant times, investors were told that Respondents and/or their affiliates
2 were engaged in the gold mining and mineral processing business (the "Business").

3 13. At all relevant times, investors were told, both verbally and in writing, that
4 Respondents and/or their affiliates had acquired interests in various gold mines including the: (a)
5 "Stanton Road Placer mine" located "in one of the richest gold reserves in the US," and near the
6 previously profitable "Rich Hill" and "Alvarado" gold mines outside of Congress, Arizona; and/or
7 (b) the "Helena-Missouri River Montana Mine" near Helena, Montana (the "Mine(s)").

8 14. At all relevant times, Respondents represented to offerees and investors that the
9 Business was created, in part, to fund and/or support an agreement executed by MTE and EEL,
10 pursuant to which EEL would operate the Mines and share with MTE and investors the resulting
11 gold mining profits (the "Gold Mine Investment").

12 15. The Gold Mine Investments are documented, in part, by written prospectuses
13 prepared and provided by Respondents to investors titled, for instance, "**MT Explorations, LLC –**
14 **Stanton Road Placer Mine Project - Investment Opportunity**" (the "Prospectus(es)").
15 (emphasis in original).

16 16. The Prospectus stated that the Respondents and/or their affiliates would operate the
17 Mines to produce gold, in part, as follows:

18 Excess material located above the pockets of gold revealed by testing is removed. The gold
19 rich material is processed through a screen down to ¼" then processed thru a duplex jig that
20 uses water to separate the heavier gold laden material from the lighter material which is
21 dried and returned to the site. The heavier material goes to concentrating tables and the free
22 gold is separated out to be sold at the refinery at London spot [gold] prices. The rest of the
23 concentrate which contains microscopic gold is processed in an enclosed leaching plant.
24 The result is smelted into a Dore' bar that is analyzed for mineral content and purchased by
25 the refinery also at the London spot [gold] price...

26 Because the gold is 'free' floating mixed with sand and rock, retrieving and processing it is
minimal.

 17. The majority of the Prospectus is dated "2010," and stated that the "Phase I" Gold
Mine Investment offering resulted in \$125,000 worth of investment capital used by Respondents to

1 purchase "pre-production" gold mining equipment, and created a pool of "operating capital in
2 reserves until the [gold extraction] process provides metal which can be sold."

3 18. The Prospectuses further stated that the proceeds of the "Phase II" Gold Mine
4 Investment offering totaling \$125,000 would be used by Respondents and/or their affiliates to
5 purchase additional equipment, to achieve full gold production, and "for testing and continued
6 development of the Project."

7 19. The Prospectuses stated that when operating at full production, Respondents' and/or
8 their affiliates' Business would result in the production of one hundred ounces of gold per day, and
9 assuming a spot price of gold of \$1,200 per ounce, approximately \$46,800¹ would be paid to MTE
10 each month.

11 20. The Prospectus stated that MTE had negotiated a profit sharing agreement with
12 EEL.

13 21. The Prospectuses stated that MTE and investors would share in the profits generated
14 by Respondents' and/or their affiliates' Business. Regarding estimated Gold Mine Investment
15 profits, the Prospectuses include a section titled "**ROI Estimates**" (*i.e.*, return on investment) that
16 explained that each investor could expect to receive approximately \$3,744.00 per month, for every
17 \$10,000 amount invested when operated at full production (emphasis in original).

18 22. The Prospectuses further estimated that an investor who purchased a Gold Mine
19 Investment in the principal amount of \$25,000 could expect to receive profits \$4,680 per month if
20 the Business was operating at fifty percent production, and up to \$9,360 per month if the Business
21 was operating at one hundred percent production, in part as follows:

Amount Invested	Royalty at 50% Production	Royalty at 100% Production
\$10,000	\$1872.00	\$3744.00
\$25,000	\$4680.00	\$9360.00
\$50,000	\$9360.00	\$18720.00

26 ¹ This amount is based on a projected monthly profit, of \$1,560,000 multiplied by 3%, as stated in the Prospectus.

1 23. The Prospectuses are not labeled as confidential, nor did they state that the Gold
2 Mine Investments may only be purchased by, for instance, sophisticated or accredited investors.
3 The Prospectuses further failed to include any stated restrictions preventing a recipient from
4 distributing the Prospectuses to third parties who, for instance, have no preexisting relationship
5 with Respondents or knowledge of Respondents' gold mining Business operations.

6 24. The Gold Mine Investments were also documented via profit sharing agreements
7 prepared and provided by Respondents to investors ("MTE PSA"). The provisions of the MTE
8 PSAs were nearly identical to the PSA agreements entered into between EEL and MTE.

9 25. The purpose of the MTE PSAs was to raise money to fund the operations for the
10 Mines.

11 26. Certain MTE PSAs contained the following relevant terms:

- 12 a) MTE shall pay the investor a production profit up to 3% of the net proceeds;
- 13 b) MTE would also pay interest of 20% on the loaned amount; and
- 14 c) MTE would repay the principal on or before March 30, 2011.

15 27. The MTE PSAs were made and executed by Respondents and include each
16 investor's promised percentage of projected Business profits based, in part, on the amount of the
17 investor's principal investment.

18 28. Some investors agreed to the 3% of production profit of net proceeds and 20%
19 interest, while others agreed to only the 3% of production profit of net proceeds.

20 29. For instance, one Arizona resident purchased a Gold Mine Investment from
21 Respondents on or about October 5, 2010, in the principal amount of approximately \$25,000. This
22 investor's MTE PSA states that the investor is entitled to receive up to 3% of the net profits
23 generated by the Business.

24 30. Similarly, another Arizona resident purchased a Gold Mine Investment in the
25 principal amount of \$20,000 from Respondents on or about October 12, 2010. This investor's
26

1 MTE PSA states that the investor is entitled to receive up to 3% of the net profits generated by the
2 Business and 20% interest based on the actual funds loaned from MTE to EEL.

3 31. From on or about May 2010, to November 2010, Respondents issued, offered, and
4 sold the Gold Mine Investments within and from Arizona.

5 32. Investors purchased their Gold Mine Investments by making their principal
6 investment checks payable to MTE or EEL.

7 33. Respondents sold the Gold Mine Investments of at least \$322,000 to approximately
8 twenty-five investors residing in Arizona, Ohio, and Utah for principal amounts ranging in price
9 from \$2,000 to \$45,000.

10 34. All investor funds received by MTE were ultimately forwarded to Langenbach or
11 EEL to be used for the gold mining Business operations.

12 35. To date, however, investors have received no returns and/or profits from their
13 investments.

14 36. At all relevant times, Respondents represented to offerees and investors that
15 Respondents or their affiliates would manage the essential aspects of the Business including the
16 negotiation and execution of third-party mining agreements and management of the Gold Mine
17 Investment funds.

18 37. The Gold Mine Investments have not been registered with the Commission as
19 securities.

20 38. At all relevant times, Respondents have not been registered with the Commission as
21 securities salesmen or dealers.

22
23 **II.**

24 **CONCLUSIONS OF LAW**

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

1 IT IS FURTHER ORDERED, that no finding of fact or conclusion of law contained in this
2 Order shall be deemed binding against any Respondent under this Docket Number who has not
3 consented to the entry of this Order.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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8 CHAIRMAN

COMMISSIONER

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10 COMMISSIONER

COMMISSIONER

COMMISSIONER

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

18
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20 _____
21 ERNEST G. JOHNSON
22 EXECUTIVE DIRECTOR

23
24 _____
25 DISSENT

26
27 _____
28 DISSENT

29 This document is available in alternative formats by contacting Shaylin A. Bernal, ADA
30 Coordinator, voice phone number 602-542-3931, e-mail sabernal@azcc.gov.

31 (PTH)

CONSENT TO ENTRY OF ORDER

1
2 1. LARRY L. GOLDMAN and MT EXPLORATIONS, LLC (“Respondents”), admit
3 the jurisdiction of the Commission over the subject matter of this proceeding. Respondents
4 acknowledge that they has been fully advised of their right to a hearing to present evidence and call
5 witnesses and Respondents knowingly and voluntarily waives any and all rights to a hearing before
6 the Commission and all other rights otherwise available under Article 11 of the Securities Act and
7 Title 14 of the Arizona Administrative Code. Respondents acknowledge that this Order to Cease
8 and Desist, Order for Administrative Penalties, and Consent to Same (“Order”) constitutes a valid
9 final order of the Commission.

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

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

15 Respondents acknowledge that they have been represented by an attorney in this
16 matter, Respondents have reviewed this Order with their attorney, Alan S. Baskin, of Bade Baskin
17 Richards, PLC, and understand all terms it contains.

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

23 6. By consenting to the entry of this Order, Respondents agree not to take any action or
24 to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of
25 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual
26

1 basis. Respondents will undertake steps necessary to assure that all of Respondents' agents and
2 employees understand and comply with this agreement.

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

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

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

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

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

19 12. Respondents agree that they will continue to cooperate with the Securities Division
20 including, but not limited to, providing complete and accurate testimony at any hearing in this
21 matter and cooperating with the state of Arizona in any related investigation or any other matters
22 arising from the activities described in this Order.

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

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

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

6 16. Respondents agrees and understand that if Respondents fails to make any payment
7 as required in the Order, any outstanding balance shall be in default and shall be immediately due
8 and 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 17. GOLDMAN represents that he is a managing member of MT EXPLORATIONS,
11 LLC and has been authorized by MT EXPLORATIONS, LLC to enter into this Order for and on
12 behalf of it.

13
14 Larry Goldman
15 (Respondent Larry Goldman)

16 STATE OF ARIZONA)
17) ss
18 County of)

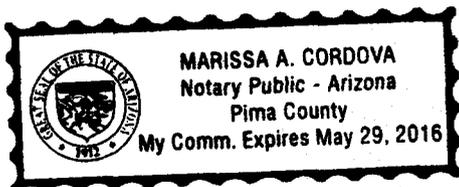
19 SUBSCRIBED AND SWORN TO BEFORE me this 9th day of October 2012.

20
21 Marisa A Cordova
22 NOTARY PUBLIC

23 My commission expires:

May 29, 2016

24 MT EXPLORATIONS, LLC



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26 By: Larry Goldman

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Its: Larry Goldman, its Managing
Member

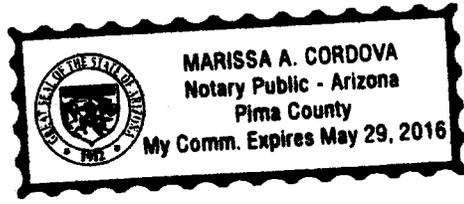
STATE OF ARIZONA)
) ss
County of)

SUBSCRIBED AND SWORN TO BEFORE me this 9th day of October 2012

Marissa A. Cordova
NOTARY PUBLIC

My commission expires:

May 29, 2016



1 SERVICE LIST FOR: In re Larry Lee Goldman, et al.

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Alan S. Baskin, Esq.
Bade Baskin Richards PLC
80 E Rio Salado Parkway, Suite 511
Tempe, AZ 85281-0001
Attorney for Respondents
Larry Lee Goldman
MT Explorations, LLC

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2
3 COMMISSIONERS

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

7 In the matter of:)
8 LARRY L. GOLDMAN, an individual,)
9 MT EXPLORATIONS, LLC, an Arizona limited)
10 liability company,)
11 Respondent.)

DOCKET NO. S-20863A-12-0438

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

12 Pursuant to A.A.C. R14-4-303, you are hereby notified that the attached: Order to Cease
13 and Desist, Order for Administrative Penalties, and Consent to Same by the above-referenced
14 Respondents was filed with the Arizona Corporation Commission's Docket Control.

15
16 Dated: 10/19/12

By: 

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

19 Alan S. Baskin, Esq.
20 Bade Baskin Richards PLC
21 80 E Rio Salado Parkway, Suite 511
22 Tempe, AZ 85281-0001
23 Attorney for Respondents
Larry Lee Goldman and
MT Explorations, LLC

24 Dated: 10/19/12

By: 

25
26 Decision No. _____