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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP, Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

Arizona Corporation Commission
DOCKETED

AUG 16 2013

DOCKETED BY nr

In the matter of
ARIZONA GOLD PROCESSING, LLC, an
Arizona limited liability company,
AZGO, LLC, an Arizona limited liability
company,
and
CHARLES L. ROBERTSON, a married
man,
Respondents.

DOCKET NO. S-20846A-12-0135

DECISION NO. 74044

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

BY: ARIZONA GOLD PROCESSING, LLC,
AZGO, LLC and CHARLES L. ROBERTSON

ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L. ROBERTSON
("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 To Cease and Desist, Order For Restitution, 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.

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I.**FINDINGS OF FACT**

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3 1. ARIZONA GOLD PROCESSING, LLC (“ARIZONA GOLD”) was a manager-
4 managed Arizona limited liability company from December 5, 2011, to July 23, 2012. AZGO
5 LLC, was the manager of ARIZONA GOLD. On July 10, 2012, articles of organization filed
6 with the Nevada Secretary of State created Arizona Gold Processing, LLC. On July 23, 2012,
7 ARIZONA GOLD (Arizona) merged with Arizona Gold Processing, LLC (Nevada). The Nevada
8 entity is the surviving entity.

9 2. AZGO, LLC (“AZGO”) was a manager-managed Arizona limited liability
10 company from December 5, 2011, to July 23, 2012. On July 10, 2012, articles of organization
11 filed with the Nevada Secretary of State created AZGO, LLC. On July 23, 2012, AZGO
12 (Arizona) merged with AZGO, LLC (Nevada). The Nevada entity is the surviving entity. AZGO,
13 LLC (Nevada) is manager of the surviving ARIZONA GOLD.

14 3. CHARLES L. ROBERTSON (“ROBERTSON”) is a resident of Texas.
15 ROBERTSON is one of the two managers of AZGO LLC (Arizona). ROBERTSON is the
16 manager of the surviving Nevada entity, AZGO, LLC.

17 4. ARIZONA GOLD, AZGO and ROBERTSON may be referred to collectively as
18 “Respondents.”

19 5. The private placement memorandum (“PPM”) dated December 5, 2011, stated that
20 ARIZONA GOLD was formed “to provide efficient and cost effective ore processing services for
21 local gold and silver placer mines. We intend to acquire equipment and machinery that utilize the
22 latest advances in gold and silver ore processing technologies such as electrostatic separation.”

23 6. The PPM, also stated that ARIZONA GOLD “is offering Units of Class A Preferred
24 Membership Interests (the “Units”) in accordance with Section 4(2) and/or Rule 506 of Regulation
25 D promulgated under the Securities Act of 1933, as amended, and applicable state laws that
26 provide an exemption from registration for limited private offerings.”

1 7. The PPM discloses that ARIZONA GOLD was not conducting a public offering and
2 that its Units were not available to the general public.

3 8. ARIZONA GOLD sent unsolicited emails seeking investors to a resident of
4 Arizona. In response to one of the unsolicited emails, ARIZONA GOLD was contacted by an
5 Arizona resident (“Offeree”). After a conversation with the Offeree, ROBERTSON provided the
6 offering materials including the PPM and conducted a presentation to the Offeree. The Offeree had
7 no pre-existing business relationship with either of the Respondents, nor was the Offeree
8 accredited.

9 9. The PPM stated:
10 [ARIZONA GOLD was a] Manager-managed limited liability company
11 (LLC) with two (2) classes of equity ownership:
12 (1) Managing Membership Interest (voting equity); and (2) Preferred
13 Membership Interest (non-voting preferred equity with revenue sharing).
14 [ARIZONA GOLD’s] current sole Managing Member is AZGO LLC, an
15 Arizona limited liability company.

16 10. The PPM stated:

17 [ARIZONA GOLD] was formed to provide efficient and cost effective ore
18 processing services for local gold and silver placer mines. We intend to
19 acquire equipment and machinery that utilize the latest advances in gold
20 and silver ore processing technologies such as electrostatic separation.

21 The primary objectives of [ARIZONA GOLD] were to:

- 22 • Acquire one or more high tension separators;
- 23 • Place such equipment into operation servicing local active
24 mining operations for gold, silver, and/or other precious
25 metals pursuant to contracts; and
- 26 • Distribute [ARIZONA GOLD’s] revenue from such
activities to the Members in accordance with the Operating
Agreement.

27 11. The offering materials stated that an investor’s “ownership interest will be
28 proportionate to the amount invested in the entire gold processing plant. You will receive a Net
29 Revenue Interest of all of the profits from the processed gold & silver that’s sold to the refinery.”

30 12. Investors in ARIZONA GOLD would receive a prorata share of seventy percent of
31 the net revenue derived from the ore processing, less actual expenses of ARIZONA GOLD. The
32 remaining thirty percent was to be allocated to AGO LLC.

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13. The Investment Overview stated:
- Investment of \$16,750 per unit = (1%). (2 units minimum \$33,500)).
 - 100 Working Interest units available with a 70% Net Revenue Interest of plant profits.
 - Daily production rate at 3 tons a day of gold & silver ore.
 - Projected ROI is 9.6 months.
 - 5 times cash on cash net return on investment.

14. The PPM stated that ARIZONA GOLD would distribute its net revenues as follows:
- First, 100% to the Class A Preferred Members (0% to the Managing Member) until the Preferred Members have realized 100% of their Capital Contribution;
 - Thereafter, 75% to the Class A Preferred Members (25% to the Managing Member) until the Preferred Members have realized 200% of their Capital Contribution;
 - Thereafter, 50% to the Class A Preferred Members (50% to the Managing Member) until the Preferred Members have realized 500% of their Capital Contributions (a "Redemption Event")
 - Upon the occurrence of a Redemption Event (i.e. Preferred Members' realizing a 5 to 1 cash on cash return on their Capital Contribution) the Preferred Members' Units in the Company shall be automatically redeemed in consideration of cash already received at which time their Membership Interest in the company shall end.

15. The PPM stated, ARIZONA GOLD would waive the automatic redemption event for the first twenty-one Units sold and those investors would be "eligible to continue to receive distributions pro-rata to their membership interest indefinitely for the life" of ARIZONA GOLD.

16. The PPM stated that ARIZONA GOLD was managed by its managing member, AZGO LLC, whose principals include ROBERTSON. Further, "[c]ontrol of [ARIZONA GOLD] is vested with the Managing Member." Moreover, "since the Managing Member holds 100% of [ARIZONA GOLD'S] voting equity, the ability of the Preferred Members to exercise any degree of control whatsoever will be severely limited."

17. The PPM stated that any investor funds raised by ARIZONA GOLD and ROBERTSON would be used for the "acquisition of equipment, machinery and related assets for processing plant and general working capital."

18. ARIZONA GOLD and ROBERTSON provided offering materials to the Offeree that stated ARIZONA GOLD had contracted with a "fully permitted placer mine deposit to provide

1 their ore” for processing by ARIZONA GOLD. The supplier of the ore was also the supplier of the
2 processing equipment ARIZONA GOLD was to purchase to process the ore.

3 19. The offering materials stated that “[w]e [ARIZONA GOLD] have ‘High Tech’ gold
4 & silver processing equipment that can extract gold at microscopic levels as well as increasing
5 extraction beyond what ore shows in assays from mine.” However, based on information and
6 belief, assays correctly performed by reputable laboratories would state the amount of precious
7 metals present in each sample, therefore; there would be no increase in the amount of precious
8 metals by using the equipment as represented by ARIZONA GOLD. For that to occur would be a
9 physical impossibility and a violation of the basic laws of chemistry and physics.

10 20. ROBERTSON represented to the Offeree that the investors would receive a return
11 from “all of the profits from the processed gold and silver that’s sold to the refinery.”

12 21. On April 6, 2012, the Arizona Corporation Commission issued a Temporary Cease
13 and Desist Order against RESPONDENTS. RESPONDENTS continued to offer and sell the
14 interests in Arizona Gold Processing LLC until at least July 23, 2012.

15 22. RESPONDENTS did not disclose to offerees or investors that, as of April 6, 2012,
16 they were subject to a temporary cease and desist order.

17 23. From December 2011 through July 23, 2012, RESPONDENTS raised
18 \$1,142,275.50 from *sixty-three investors* nationwide, including two Arizona residents.

19 **II.**

20 **CONCLUSIONS OF LAW**

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

23 2. Respondents offered or sold securities within or from Arizona, within the meaning
24 of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

25 3. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were
26 neither registered nor exempt from registration.

1 4. Respondents violated A.R.S. § 44-1842 by offering or selling securities while
2 neither registered as dealers or salesmen nor exempt from registration.

3 5. Respondents violated A.R.S. § 44-1991 by (a) employing a device, scheme, or
4 artifice to defraud, (b) making untrue statements or misleading omissions of material facts, or (c)
5 engaging in transactions, practices, or courses of business that operate or would operate as a fraud
6 or deceit.

7 a. Respondents misrepresented to at least one Offeree the ability of the processing
8 equipment to obtain amounts of precious metals above what the assays show as
9 recoverable.

10 b. Respondents failed to disclose to offerees and investors after April 6, 2012, that
11 the Arizona Corporation Commission issued a Temporary Cease and Desist
12 Order against Respondents.

13 6. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S.
14 § 44-2032.

15 7. Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-
16 2032.

17 8. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-
18 2036.

19 9. CHARLES L. ROBERTSON directly or indirectly controlled persons or entities
20 within the meaning of A.R.S. § 44-1999, including but not limited to ARIZONA GOLD
21 PROCESSING, LLC and AZGO, LLC. Therefore, CHARLES L. ROBERTSON is jointly and
22 severally liable under A.R.S. § 44-1999 to the same extent as ARIZONA GOLD PROCESSING,
23 LLC and AZGO, LLC for any violations of A.R.S. § 44-1991.

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1 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents shall pay an
2 administrative penalty in the amount of \$100,000. Payment is due in full on the date of this Order.
3 Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue interest
4 from the date judgment is entered at the rate of five (5) percent per annum.

5 IT IS FURTHER ORDERED that payments received by the state of Arizona shall first be
6 applied to the restitution obligation. Upon payment in full of the restitution obligation, payments
7 shall be applied to the penalty obligation.

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

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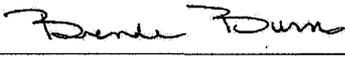
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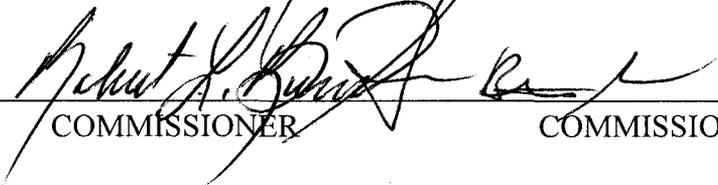
IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

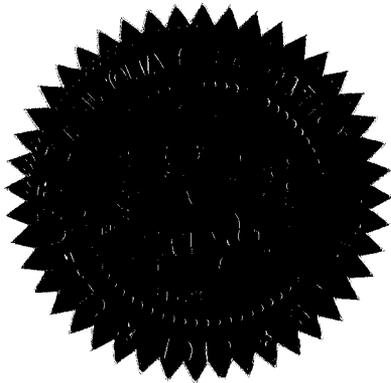

CHAIRMAN


COMMISSIONER


COMMISSIONER


COMMISSIONER

COMMISSIONER



IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 16th day of August, 2013.


JODI JERICH
EXECUTIVE DIRECTOR

DISSENT

DISSENT

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

(wlc)

CONSENT TO ENTRY OF ORDER

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2 1. Respondents ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES
3 L. ROBERTSON admit the jurisdiction of the Commission over the subject matter of this
4 proceeding. ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L.
5 ROBERTSON acknowledge that they have been fully advised of their right to a hearing to present
6 evidence and call witnesses and they knowingly and voluntarily waive any and all rights to a
7 hearing before the Commission and all other rights otherwise available under Article 11 of the
8 Securities Act and Title 14 of the Arizona Administrative Code. ARIZONA GOLD
9 PROCESSING, LLC, AZGO, LLC and CHARLES L. ROBERTSON acknowledge that this
10 (“Order”) constitutes a valid final order of the Commission.

11 2. ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L.
12 ROBERTSON knowingly and voluntarily waives any right under Article 12 of the Securities Act to
13 judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the entry
14 of this Order.

15 3. ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L.
16 ROBERTSON acknowledge and agree that this Order is entered into freely and voluntarily and that
17 no promise was made or coercion used to induce such entry.

18 4. ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L.
19 ROBERTSON understand and acknowledge that they have a right to seek counsel regarding this
20 Order, and that Respondents have had the opportunity to seek counsel prior to signing this Order.
21 ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L. ROBERTSON
22 acknowledge and agree that, despite the foregoing, they freely and voluntarily waives any and all
23 right to consult or obtain counsel prior to signing this Order.

24 5. ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L.
25 ROBERTSON neither admit nor deny the Findings of Fact and Conclusions of Law contained in
26 this Order. ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L.

1 ROBERTSON agree that they shall not contest the validity of the Findings of Fact and Conclusions
2 of Law contained in this Order in any present or future proceeding in which the Commission or any
3 other state agency is a party concerning the denial or issuance of any license or registration required
4 by the state to engage in the practice of any business or profession.

5 6. By consenting to the entry of this Order, ARIZONA GOLD PROCESSING, LLC,
6 AZGO, LLC and CHARLES L. ROBERTSON agree not to take any action or to make, or permit to
7 be made, any public statement denying, directly or indirectly, any Finding of Fact or Conclusion of
8 Law in this Order or creating the impression that this Order is without factual basis. ARIZONA
9 GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L. ROBERTSON will undertake steps
10 necessary to assure that all of their agents and employees understand and comply with this
11 agreement.

12 7. While this Order settles this administrative matter between ARIZONA GOLD
13 PROCESSING, LLC, AZGO, LLC and CHARLES L. ROBERTSON and the Commission,
14 Respondents understand that this Order does not preclude the Commission from instituting other
15 administrative or civil proceedings based on violations that are not addressed by this Order.

16 8. ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L.
17 ROBERTSON understand that this Order does not preclude the Commission from referring this
18 matter to any governmental agency for administrative, civil, or criminal proceedings that may be
19 related to the matters addressed by this Order.

20 9. ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L.
21 ROBERTSON understand that this Order does not preclude any other agency or officer of the state
22 of Arizona or its subdivisions from instituting administrative, civil, or criminal proceedings that
23 may be related to matters addressed by this Order.

24 10. ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L.
25 ROBERTSON agree that they will not apply to the state of Arizona for registration as a securities
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1 dealer or salesman or for licensure as an investment adviser or investment adviser representative
2 until such time as all restitution and penalties under this Order are paid in full.

3 11. ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L.
4 ROBERTSON agree that they will not exercise any control over any entity that offers or sells
5 securities or provides investment advisory services within or from Arizona until such time as all
6 restitution and penalties under this Order are paid in full.

7 12. ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L.
8 ROBERTSON consent to the entry of this Order and agree to be fully bound by its terms and
9 conditions.

10 13. ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L.
11 ROBERTSON acknowledge and understand that if they fail to comply with the provisions of the
12 order and this consent, the Commission may bring further legal proceedings against them,
13 including application to the superior court for an order of contempt.

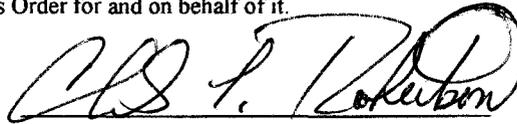
14 14. ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L.
15 ROBERTSON understand that default shall render Respondents liable to the Commission for its
16 costs of collection and interest at the maximum legal rate.

17 15. ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L.
18 ROBERTSON agree and understand that if Respondents fail to make any payment as required in
19 the Order, any outstanding balance shall be in default and shall be immediately due and payable
20 without notice or demand. ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES
21 L. ROBERTSON agree and understand that acceptance of any partial or late payment by the
22 Commission is not a waiver of default by the Commission.

23 16. David Mangum represents that he is manager of ARIZONA GOLD PROCESSING,
24 LLC and has been authorized by name of ARIZONA GOLD PROCESSING, LLC to enter into this
25 Order for and on behalf of it.

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1 17. David Mangum represents that he is manager of AZGO, LLC and has been
2 authorized by name of AZGO to enter into this Order for and on behalf of it.

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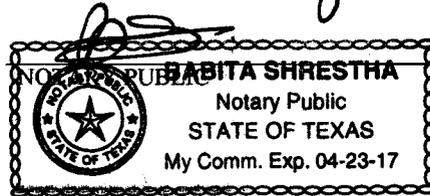
CHARLES L. ROBERTSON

5 Texas
6 STATE OF ~~ARIZONA~~)
7 County of Fort Bend)^{SS}

8 SUBSCRIBED AND SWORN TO BEFORE me this 17 day of July, 2013.

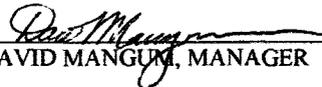
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12 4.23.17

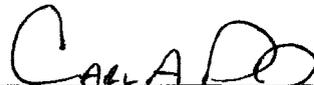


ARIZONA GOLD PROCESSING, LLC,

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16 Texas
17 STATE OF ~~ARIZONA~~)
18 County of Montgomery)^{SS}

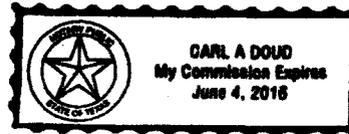
19 
20 DAVID MANGUM, MANAGER

21 SUBSCRIBED AND SWORN TO BEFORE me this 16 day of July, 2013.

22 
23 NOTARY PUBLIC

24 My commission expires:

25 June 4, 2016



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SERVICE LIST FOR: ARIZONA GOLD PROCESSING, LLC, AZGO, LLC and CHARLES L. ROBERTSON

David Mangum
25602 Pecan Valley Circle
Spring, Texas 77380
Manager for Respondent Entities

Charles L. Robertson
5003 Westonridge
Fresno, Texas 77545

Arizona Gold Processing, LLC
101 Convention Center Drive, Suite 700
Las Vegas, Nevada 89109

AZGO, LLC
101 Convention Center Drive, Suite 700
Las Vegas, Nevada 89109

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

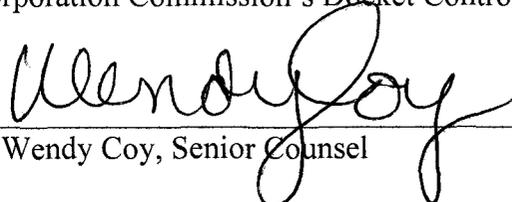
BOB STUMP, Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

In the matter of:
In the matter of
ARIZONA GOLD PROCESSING, LLC, an
Arizona limited liability company,
AZGO, LLC, an Arizona limited liability
company,
and
CHARLES L. ROBERTSON, a married man,
Respondents.

DOCKET NO. S-20846A-12-0135

**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 To Cease and Desist, Order For Restitution, Order For Administrative Penalties
and Consent To Same was filed with the Arizona Corporation Commission's Docket Control.

Dated: 7/29/13 By: 
Wendy Coy, Senior Counsel

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:

David Mangum
25602 Pecan Valley Circle
Spring, Texas 77380
Manager for Respondent Entities

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Charles L. Robertson
5003 Westonridge
Fresno, Texas 77545

Arizona Gold Processing, LLC
101 Convention Center Drive, Suite 700
Las Vegas, Nevada 89109

AZGO, LLC
101 Convention Center Drive, Suite 700
Las Vegas, Nevada 89109

Dated: 7/29/13

By: 
Emie R. Bridges, Executive Assistant