NEW APPLICATION

ORIGINAL

0000168410

BEFORE THE ARIZONA CORPORATION COMMISSION

2016 FEB 23 P 2: 28

AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

DOUG LITTLE - Chairman
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

In the matter of: Robert J. Moss and Jennifer L. Moss, husband and wife, The Fortitude Foundation, an Arizona corporation, Ventures 7000, LLC, an Oklahoma limited liability company, Jeffrey D. McHatton and Starla T. McHatton, husband and wife, Robert D. Sproat and Jane Doe Sproat, husband and wife, Kevin Krause, a single man, and Vernon R. Twyman, Jr., a single man, Respondents.	DOCKET NO. S-20953A-16-0061 **TEMPORARY ORDER TO CEASE AND DESIST AND NOTICE OF OPPORTUNITY FOR HEARING**

Arizona Corporation Commission
DOCKETED
FEB 23 2016
DOCKETED BY KE

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 ROBERT J. MOSS, THE FORTITUDE FOUNDATION and VENTURES 7000, LLC are engaging in or are about to engage in, and that respondents JEFFREY D. MCHATTON, ROBERT SPROAT, KEVIN KRAUSE and VERNON R. TWYMAN, JR., have engaged in, acts and practices that constitute violations of A.R.S. § 44-1801,

et seq., the Arizona Securities Act ("Securities Act"), and that the public welfare requires immediate action.

I.

JURISDICTION

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

II.

RESPONDENTS

2. Respondent ROBERT J. MOSS ("MOSS") has been a director and/or trustee, or held himself out as being a director and/or trustee, of Respondent THE FORTITUDE FOUNDATION, an Arizona non-profit corporation, since at least June 21, 2012. Since at least that date, MOSS has resided in Arizona.

3. Since at least July 9, 2013, MOSS also has been a director of Respondent VENTURES 7000, LLC, an Oklahoma limited liability company.

4. MOSS has not been registered by the Commission as a securities salesman or dealer.

5. Upon information and belief, since at least June 21, 2012, MOSS has been a married man, JENNIFER L. MOSS has been his spouse, and MOSS has acted for his own benefit and for the benefit or in furtherance of his marital community. JENNIFER L. MOSS is joined in this action under A.R S. § 44-2031(C) solely for purposes of determining the liability of the marital community.

6. Respondent THE FORTITUDE FOUNDATION ("TFF") is an Arizona non-profit corporation formerly known as Charles E. McHatton Ministries, Inc., which was incorporated on April 10, 1992. Since at least 1996, TFF has listed business addresses in Cave Creek, Glendale, Phoenix, Mesa, and Higley, Arizona. TFF has not been registered by the Commission as a securities salesman or dealer.

7. Respondent VENTURES 7000, LLC ("VENTURES 7000") is an Oklahoma limited liability company based in Tulsa, Oklahoma that was organized on May 16, 2011. VENTURES 7000 has not been registered by the Commission as a securities salesman or dealer.

8. Respondent JEFFREY D. MCHATTON ("MCHATTON") has been a director of TFF since January 1, 2001, and TFF's President since January 31, 2008. Since at least June 21, 2012, MCHATTON has resided in Arizona. MCHATTON has not been registered by the Commission as a securities salesman or dealer.

9. Upon information and belief, since at least June 21, 2012, MCHATTON has been a married man, STARLA T. MCHATTON has been his spouse, and MCHATTON has acted for his own benefit and for the benefit or in furtherance of his marital community. STARLA T. MCHATTON is joined in this action under A.R S. § 44-2031(C) solely for purposes of determining the liability of the marital community.

10. Respondent ROBERT B. SPROAT ("SPROAT") has been a director and/or trustee, or held himself out as being a director and/or trustee, of TFF since at least June 21, 2012. Since at least that date, SPROAT has resided in Arizona. SPROAT has not been registered by the Commission as a securities salesman or dealer.

11. Upon information and belief, since at least June 21, 2012, SPROAT has been a married man, JANE DOE SPROAT has been his spouse, and SPROAT has acted for his own benefit and for the benefit or in furtherance of his marital community. JANE DOE SPROAT is joined in this action under A.R S. § 44-2031(C) solely for purposes of determining the liability of the marital community.

12. Respondent KEVIN KRAUSE has acted as a securities salesman for TFF and received at least one sales commission payment on May 23, 2013. Upon information and belief, since at least January 1, 2013, KRAUSE has resided in Arizona and been a single man. KRAUSE has not been registered by the Commission as a securities salesman or dealer.

13. Respondent VERNON R. TWYMAN, JR. has been the manager, a director and an executive officer of VENTURES 7000 since at least July 9, 2013. Upon information and belief, TWYMAN is an unmarried resident of Oklahoma. TWYMAN has not been registered by the Commission as a securities salesman or dealer.

14. MOSS, TFF, VENTURES 7000, MCHATTON, SPROAT, KRAUSE and TWYMAN may be referred to individually as a "Respondent" or collectively as "Respondents" as the context so requires.

III.

SUMMARY OF RESPONDENTS' OFFERINGS

15. Since at least June 2012, MOSS, MCHATTON, SPROAT and TFF have offered and sold a variety of unregistered securities consisting of: (i) interests in a purported project to recover sunken and hidden gold bullion from the waters and jungles of the Philippines; (ii) interests in a purported project to recover valuable low alpha lead from an undisclosed location in South America; (iii) shares of stock in a now-defunct Nevada corporation, the Christian Angel Capital Network; and (iv) a promissory note to be paid with the proceeds of TFF's sale of a purported Brazilian bond.

16. Through these four offerings, none of which were registered as securities with the Commission, Respondents raised at least $1,223,800.00 from eight investors.

17. In promoting and selling these investments, MOSS, MCHATTON and SPROAT touted themselves as Christian businessmen who abide by "the highest standards of conduct … with an intense commitment to a Biblically based code of business ethics."

18. MOSS, MCHATTON and SPROAT attracted other Christian businessmen to invest in TFF by representing that its joint ventures to recover gold bullion from the Philippines and low alpha lead from South America would yield "exponential returns" of 500% or more within months.

19. MOSS, MCHATTON and SPROAT represented that after TFF had paid those returns to the investors, it would use its own vast profits from selling the gold bullion and low alpha lead to fund humanitarian projects and "advance His Kingdom by creating jobs … and financ[ing] new

technologies … that ultimately, bring the salvation and love of Jesus Christ to this needy and destitute world."

20. While touting that information to investors, Respondents did not disclose that MOSS is the subject of a 2008 Order from the State of California that found he had violated the antifraud and qualification provisions of California's securities statute by selling unqualified securities by means of misrepresentations and omissions of material facts.

21. Respondents also did not disclose that TWYMAN, who is a principal of TFF's joint venture partners in the purported gold bullion and low alpha lead recovery projects, is the subject of a 1998 federal court order, which enjoined him from violating the antifraud and registration provisions of the federal securities laws and barred him from serving as an officer or director of a publicly traded company.

22. Of the $1,233,800 that Respondents have raised since 2012, they have repaid less than two percent (2%) to their investors.

IV.

FACTS

23. Since at least 2012, MOSS, MCHATTON and SPROAT have promoted TFF to potential investors as a non-profit run by "three men of God who were called with a Divine purpose to help heal the needy, and in doing so bring salvation to their hearts for the Kingdom of God."

24. One description MOSS, MCHATTON and SPROAT provided to investors states:

> The founders of Fortitude Foundation are comprised of a preacher, and entrepreneur and a U.S. soldier. God has blessed the Foundation with finances for such a time as this, to be able to help heal the world and show the world the love of the Father, in a tangible way.... [T]he call of the Lord on their lives is to advance His Kingdom by creating jobs [] that fund and finance new technologies through many different channels, that ultimately, bring the salvation and love of Jesus Christ to this needy and destitute world.

25. Since 2012, MOSS, MCHATTON, SPROAT and TFF have represented to investors:

a) They facilitate job creation and economic development in new technologies for "Food, Water, Shelter and Sustainable Power."

b) They facilitate "Humanitarian projects Locally, Regionally, Nationally and Globally."

c) They would establish "an Aviation Service – no charge to missionaries and pastors."

d) They "Support synergies re: Disaster Relief / Humanitarian Aid."

e) They "Currently have projects totaling $5 Billion Dollars – Globally."

26. TFF's promotional materials represent to investors:

a) "TFF's Charter requires that it distribute 90% of net earned income to further [philanthropic and humanitarian] causes."

b) "We are here to serve our brothers and sisters in different divisions of kingdom business through our REALationships (Trust in Transaction)."

c) "TFF has developed financial strategies via joint ventures to be able to harmonize humanity and advance His Kingdom by creating exponential returns through our various exclusive Joint Venture projects and asset management opportunities."

27. Two entities that TFF states it has done joint ventures with since 2012 are the Wycliffe Trust and VENTURES 7000, both of which are based in Oklahoma.

28. TWYMAN is a principal of the Wycliffe Trust and a director and executive officer of VENTURES 7000.

29. Wycliffe Trust is not affiliated with Wycliffe Bible Translators, Inc., a 501(c)(3) corporation.

30. Since 2012, TFF has promoted its joint ventures with TWYMAN's Wycliffe Trust and VENTURES 7000 by representing the religious ethos of those entities. For example, in 2012, while soliciting potential investors to invest in a TTF-Wycliffe Trust joint venture, TFF represented:

> Wycliffe Trust (Wycliffe) is a United States based complex trust encompassing both for-profit and non-profit objectives. To further these objectives, Wycliffe owns interests in various business enterprises, both in the United States and abroad. More than 70% of the net profits generated by Wycliffe from these business enterprises are allocable to a broad range of

> Judeo-Christian based charitable, educational, religious humanitarian and philanthropic causes.

31. In April 2013, while soliciting potential investors to invest in a TTF-VENTURES 7000 joint venture, TFF and VENTURES 7000 represented:

> **We will uphold** the highest standards of conduct in our business ventures and investments, basing our decisions and actions on sound business and economic doctrines with an intense commitment to a Biblically based code of business ethics.
>
> ...
>
> **Our foundational principles** of honesty, integrity, productivity, stewardship, transparency and fairness are based upon three Judeo-Christian Golden Rules, which declare "... in everything, do to others what you would have them do to you..." (Matthew 7:12) "... Let each of you look out not only for his own interests, but also the interests of others." (Philippians 2:4) and "... Brothers and sisters, don't ever get tired of doing what is right." (2 Thessalonians 3:13).

32. In August 2015, while soliciting potential investors to invest in a TTF-VENTURES 7000 joint venture, TFF and VENTURES 7000 represented that they "earnestly covet your continued prayers and spiritual support as our Heavenly Father is our first and most important level of protection and source of wisdom in everything we do!"

33. On April 18, 1997, the U.S. Securities and Exchange Commission ("S.E.C.") brought an enforcement action against TWYMAN in the United States District Court for the Northern District of Oklahoma. The S.E.C. alleged that when TWYMAN was the chief executive officer of BeneFund, Inc., he engaged in a fraudulent scheme to promote BeneFund's stock by making false and misleading statements concerning the use of investors' funds, the value of BeneFund's assets and the future marketability of BeneFund stock.

34. The S.E.C.'s action against TWYMAN concluded on November 4, 1998, when TWYMAN consented to the U.S. District Court's entry of a permanent injunction enjoining him from future violations of the antifraud and registration provisions of the federal securities laws, and barring him from serving as an officer or director of a publicly traded company ("the S.E.C. Consent Order against TWYMAN").

35. Since at least November 2012, MOSS has promoted himself on his LinkedIn profile webpage as a global executive, investment banker and philanthropist who specializes in "[b]ringing together the top minds in Corporate Finance in order to create vision, enhance growth strategies, develop sound REALationships (trust vs. transaction) and accelerate profitability."

36. As of November 2012, MOSS's LinkedIn profile webpage, which at least one investor reviewed before investing $100,000 with MOSS and TFF, contained numerous references touting MOSS' Christian values and integrity, including:

a) "I first had the pleasure of meeting Rob at a Christian organization.... Rob did a superb job of leading [the organization] to new heights and keeping us on target. I consider Rob to be an incredible strategic business thinker, a visionary and a man of unquestionable integrity."

b) "Rob is a man of his word, when he says he will provide a result you can count on it."

c) "Rob is an outstanding individual with a high degree of integrity and honor."

d) "Rob is one of the brightest and most creative executives I've ever worked with. He's committed, driven, sincere and completely trustworthy."

e) "[H]is integrity is beyond reproach."

f) "He is a man of character whose values intersect with his actions and behaviors both personally and professionally.... Rob can be trusted to do what he says."

g) "[W]hat I like best is his integrity and character. Rob has a true vision and heart to serve the Lord and build the Kingdom of God...."

37. On August 26, 2008, the California Corporations Commissioner found that MOSS had committed securities fraud by selling unqualified securities by means of misrepresentations and omissions of a material fact in violation of the anti-fraud provision of Section 25401 of California's Corporate Securities Law of 1968.

38. The California Corporations Commissioner entered a Desist and Refrain Order against MOSS ("the 2008 California Desist and Refrain Order") prohibiting him from "offering or selling any securities in the State of California ... by means of any written or oral communication which includes an untrue statement of material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading."

39. While promoting his purported Christian values and "unquestionable integrity," MOSS did not reference on his LinkedIn profile the 2008 California Desist and Refrain Order that found he committed securities fraud.

THE PHILIPPINE GOLD RECOVERY PROGRAM

40. In approximately May or June 2012, SPROAT introduced an Arizona resident ("INVESTOR ONE"), whom SPROAT knew, to MOSS and MCHATTON at a Bible study meeting at a church in Phoenix, Arizona.

41. MOSS, MCHATTON and SPROAT solicited INVESTOR ONE to invest through TFF in a project with VENTURES 7000 and two subsidiaries of Wycliffe Trust to recover gold bullion from the Philippines.

42. MOSS gave INVESTOR ONE a "Ventures 7000 Philippine Gold Recovery Projects Financing Proposal Summary," which represented that VENTURES 7000 was seeking to raise $250,000 to recover sunken and hidden treasure in the form of gold bullion from two sites in the Philippines.

43. The "Ventures 7000 Philippine Gold Recovery Projects Financing Proposal Summary" described the first site as "Target # 1 – Bay Project." It stated:

> [VENTURES 7000] is seeking capital to complete the recovery of 20 metric tons of gold bullion that is residing in less than 300 feet on the floor of the Philippine Sea.... Toward the end of World War II, this gold bullion was dropped overboard by the captain of a Japanese warship.... He took this action when he realized that they would be engaged by a US Navy Task Force that had moved into the area to interdict their convoy. Rather than risk losing the war booty in deep waters at sea he chose to drop the bullion in

> shallow waters with the intention of returning later to retrieve it. This action proved to be a wise strategy in that the Japanese vessel was, in fact, later sunk in battle.
>
> Fortunately, before abandoning ship, one of the junior bridge officers was able to save the charts indicating where the treasure had been tossed overboard... Now, through a special arrangement, the location coordinates are exclusively in the hands of Ventures 7000.
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> ...
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> The recovery operation is expected to take less than six weeks.

44. The "Ventures 7000 Philippine Gold Recovery Projects Financing Proposal Summary" described the second site as "Target # 2 – Bahama Mama." It stated:

> [VENTURES 7000] is seeking additional financing to complete final geophysical pinpointing and preparations for the recovery of a known and confirmed site containing gold bullion hidden by ex-President Ferdinand Marcos.... The total potential recovery at this site is believed to be 1,287 metric tons of gold bullion based on inventories provided by the general who had control of the site and its operations till [*sic*] the very end of its use by former President Marcos in 1986.

45. The "Ventures 7000 Philippine Gold Recovery Projects Financing Proposal Summary" that MOSS provided to INVESTOR ONE stated: "[VENTURES 7000] estimates the total amount of additional capital necessary to complete the funding of the Bay Project and pinpoint the gold bullion at Bahama Mama to be approximately $250,000. The total amount of time necessary to complete this recovery and generate proceeds therefrom will be less than 120 days from the time that full funding is in place."

46. The "Ventures 7000 Philippine Gold Recovery Projects Financing Proposal Summary" projected that a person who provided the entire $250,000 VENTURES 7000 was seeking would receive "an estimated return of **9.5 to 1** within 6 to 9 months of total funding and a combined estimated return from both the Bay Project and the Bahama Mama Project of **45 to 1** over an 18 to 24 month period."

47. The "Ventures 7000 Philippine Gold Recovery Projects Financing Proposal Summary" ended by stating: "Once recovered, [the gold bullion] will be used to improve the lives

of millions of people, both in the Philippines and elsewhere. In addition to the monies that will flow into government coffers and those donations made by Ventures 7000's financial partners, 70% of Venture 7000's net recovery proceeds will go to fund humanitarian and philanthropic endeavors throughout the world."

48. INVESTOR ONE decided to invest. On June 21, 2012, he wired $250,000 to a JP Morgan Chase Bank account ending in Xx4993 in the name of "Quicksilver Realty."

49. "Quicksilver Realty" is not an entity registered with the Commission to do any business in Arizona.

50. MCHATTON is the account holder for the JP Morgan Chase Bank account ending in Xx4993. The account documents list "Quicksilver Realty" as a dba of MCHATTON.

51. In exchange for his $250,000 investment, INVESTOR ONE received: (i) a $250,000 Promissory Note from TFF signed by MOSS, MCHATTON and SPROAT as its trustees; and (ii) a Memorandum of Understanding signed by MOSS, MCHATTON and SPROAT as TFF's directors.

52. The Memorandum of Understanding stated that TFF was engaged in a Joint Venture Agreement with Wycliffe Trust and VENTURES 7000, and TFF would use 85% of INVESTOR ONE's $250,000 "to fund the various business ventures and investment opportunities being undertaken pursuant to the Joint Venture Agreement.... The balance of said loan proceeds will be retained by TFF as operating funds and fees permitting TFF to properly monitor and manage said business ventures and investment opportunities."

53. Although MOSS, TFF and VENTURES 7000 represented in 2012, "The total amount of time necessary to complete this recovery and generate proceeds therefrom will be less than 120 days from the time that full funding is in place," they have not repaid INVESTOR ONE his $250,000 investment.

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TFF'S, MOSS' AND MCHATTON'S SALE OF ADDITIONAL INVESTMENTS TO INVESTOR ONE

54. On June 25, 2012, MOSS sold INVESTOR ONE $18,750 worth of stock in Christian Angel Capital Network, which was then a Nevada corporation. According to the Nevada Secretary of State's records, Christian Angel Capital Network was dissolved on May 29, 2015.

55. On July 6, 2012, INVESTOR ONE wired $111,800 to the "Quicksilver Realty" account at JP Morgan Chase Bank ending in Xx4993 that MCHATTON controlled.

56. INVESTOR ONE's $111,800 wire was for his purchase of a promissory note issued by TFF and signed by MOSS and MCHATTON as its directors.

57. The promissory note stated that TFF would use INVESTOR ONE's funds to participate in a joint venture with a company in Nassau, Bahamas to "Buy/Sell … Cession of rights of one (1) Brazilian LTN 'H' series bond # 308.656."

58. The promissory note provided that TFF was to repay INVESTOR ONE's principal plus a one-hundred percent (100%) profit within one month, with those monies coming from the sale of the Brazilian bond.

59. On August 27, 2012, INVESTOR ONE wired $18,000 to the "Quicksilver Realty" account at JP Morgan Chase Bank ending in Xx4993 that MCHATTON controlled.

60. INVESTOR ONE's $18,000 wire was for his purchase of a promissory note issued by "Quicksilver Realty, a business services company," and signed by MCHATTON as its Managing Director and MOSS as its representative.

61. As alleged above, "Quicksilver Realty" is not an entity registered with the Commission to do any business in Arizona and MCHATTON uses that name as a dba.

62. The promissory note provided that "Quicksilver Realty" was to repay INVESTOR ONE's $18,000 plus one percent (1%) interest per month within twelve (12) months.

63. The promissory note stated that "Quicksilver Realty" intended to use INVESTOR ONE's funds "as it chooses for business expenses on future and current on-going JV – Joint Venture projects and opportunities."

64. Although the promissory note was by "Quicksilver Realty," INVESTOR ONE understood he was investing the $18,000 with TFF.

65. In connection with their offers and sales to INVESTOR ONE of the promissory notes concerning TFF's joint ventures to purportedly recover gold bullion from the Philippines and to profit from a Brazilian bond, and their offer and sale of stock in Christian Angel Capital Network, MOSS, MCHATTON, SPROAT and TFF promoted themselves as Christian businessmen of unquestionable integrity, without disclosing the 2008 California Desist and Refrain Order that found MOSS committed securities fraud.

66. In addition, MOSS, MCHATTON, SPROAT and TFF sold these promissory notes and stock to INVESTOR ONE by representing the supposedly humanitarian and philanthropic purposes of its joint venture partners, VENTURES 7000 and the Wycliffe Trust, without disclosing the S.E.C. Consent Order against those entities' principal, TWYMAN, which arose from allegations he engaged in a scheme to commit securities fraud.

THE LOW ALPHA LEAD PROJECT

67. Between October 30, 2012 and May 20, 2013, MOSS, MCHATTON, SPROAT and TFF offered and sold promissory notes and investment contracts within or from Arizona to INVESTOR ONE and at least seven (7) other investors in connection with TFF's plan to acquire and then sell low alpha lead.

68. MOSS and TFF represented to investors that:

a) TFF was in a joint venture with the Wycliffe Trust to "acquire low alpha and ultra low alpha lead – a very valuable metal used in the manufacturing of semi-conductors -- and then resale (*sic*) that lead to companies engaged in the production of semiconductors and related components."

b) The joint venture "has located a large supply of Low-Alpha Lead in the range of 200 to 500 years old in a specific and proprietary location. Through an exclusive REALationship (trust IN transaction) we are acquiring a very unique 100-200 ton deposit."

c) "Pricing: Projected base purchase price of product is estimated at less than $10.00/lb and projected sales price is between $1,100.00/lb and $4,400.00/lb depending on the alpha level (reading/signature) of the lead."

d) "The total amount of funding necessary to effectively capitalize this project is $1,500,000."

e) The $1,500,000 would be raised from the sale of 15 promissory notes in the amount of $100,000 per note.

f) The projected return on investment would be as follows: within 90 to 120 days of their investment, (i) investors would be repaid their principal, and (ii) they would receive a five-hundred percent (500%) return on their investment.

g) "The element of risk for this venture is relatively small…."

h) "The bottom line is that although the potential upside of this investment is extremely high, the downside risk is less than many traditional funding platforms."

i) With this "exclusive opportunity with Wycliffe Trust," TFF is "sitting on a fortune."

69. TTF and MOSS sold promissory notes and/or investment contracts within or from Arizona on or about the following dates in the following amounts in connection with TFF's plan to acquire and then sell low alpha lead with the Wycliffe Trust:

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INVESTOR	DATE	AMOUNT
INVESTOR ONE	10/30/2012	$125,000.00
INVESTOR TWO	10/31/2012	$75,000.00
INVESTOR THREE	11/14/2012	$100,000.00
INVESTOR FOUR	11/20/2012	$50,000.00
INVESTOR FIVE	12/4/2012	$100,000.00
INVESTOR SIX	12/19/2012	$50,000.00
INVESTOR SEVEN	1/9/2013	$50,000.00
INVESTOR EIGHT	4/20/2013	$13,000.00
INVESTOR EIGHT	5/20/2013	$31,000.00

70. TTF and MOSS sold the low alpha lead promissory notes and/or investment contracts to INVESTORS ONE through EIGHT, in part, by promoting MOSS as a business executive and philanthropist who exemplifies Christian values and unquestionable integrity, without disclosing the 2008 California Desist and Refrain Order that found MOSS committed securities fraud.

71. In addition, TTF and MOSS sold the low alpha lead promissory notes and/or investment contracts to INVESTORS ONE through EIGHT by touting the supposed Christian ethos of its joint venture partner, the Wycliffe Trust, without disclosing the S.E.C. Consent Order against its principal, TWYMAN, which arose from allegations he engaged in a scheme to commit securities fraud.

72. TTF, MOSS and MCHATTON instructed INVESTORS ONE through SEVEN to wire their investment payments the "Quicksilver Realty" account ending in Xx4993 at JP Morgan Chase Bank, which MCHATTON controlled.

73. INVESTOR EIGHT wrote his investment checks payable to "Quicksilver Realty."

74. Most of the investors did not question why they were making their payments for investments with TFF payable to "Quicksilver Realty."

75. INVESTORS TWO through SIX invested in TFF's low alpha lead promissory notes and/or investment contracts in part because MOSS and TFF represented that TFF would repay the investors all of their principal plus a 500% return within 90 to 120 days of their investment.

76. Based on MOSS' and TFF's promissory notes, TFF was supposed to have repaid INVESTORS ONE through SEVEN all of their collective $550,000 principal investment amounts in the low alpha lead project, plus returns of $2.75 million, by no later than April 19, 2013.

77. Between the dates of their respective investments and when TFF was supposed to have repaid all of their principal plus the promised 500% returns, TFF made only a few interest payments to INVESTORS ONE through SEVEN totaling less than two percent (2%) of their principal investment amounts. Then TFF failed to repay them anything at all.

78. By April 19, 2013, TFF had defaulted on all of its promissory notes and/or investment contracts with INVESTORS ONE through SEVEN.

79. In approximately April 2013, KRAUSE solicited INVESTOR EIGHT to invest in a promissory note and/or investment contract to fund TFF's low alpha lead joint venture project.

80. KRAUSE told INVESTOR EIGHT his [KRAUSE's] role was to raise money for TFF by recruiting investors.

81. KRAUSE told INVESTOR EIGHT he [KRAUSE] would receive a percentage of the money invested by the investors he recruited.

82. KRAUSE endorsed the low alpha lead investment opportunity, told INVESTOR EIGHT he had invested $25,000 in it himself, and recommended that INVESTOR EIGHT invest in it too.

83. KRAUSE told INVESTOR EIGHT to expect to receive a 400% to 500% return on the amount he invested in the low alpha lead project.

84. At KRAUSE's urging, INVESTOR EIGHT met with MOSS, MCHATTON and SPROAT in approximately April 2013 at a restaurant in Tucson.

85. MOSS told INVESTOR EIGHT that KRAUSE was "their guy in Tucson."

86. MOSS told INVESTOR EIGHT that TFF would use his investment monies to recover low alpha lead from a location in South America.

87. MOSS told INVESTOR EIGHT to expect a return of five times the amount of his investment within 90 days.

88. INVESTOR EIGHT decided to invest. On April 20, 2013, INVESTOR EIGHT provided a check payable to Quicksilver Realty for $13,000.00, which MCHATTON deposited to his JP Morgan Chase Bank account ending in Xx4993.

89. On May 20, 2013, INVESTOR EIGHT provided another check payable to Quicksilver Realty for $26,000.00 and $5,000.00 in cash.

90. MCHATTON deposited INVESTOR EIGHT's $26,000.00 check to MCHATTON's JP Morgan Chase Bank account ending in Xx4993.

91. On May 23, 2013, MCHATTON wrote a check for $1,000.00 from his JP Morgan Chase Bank account ending in Xx4993 payable to KRAUSE with the notation, "For [INVESTOR EIGHT]."

92. When INVESTOR EIGHT invested in April and May 2013, Respondents did not disclose to him:

a) the existence of the 2008 California Desist and Refrain Order finding that MOSS had committed securities fraud;

b) the existence of the S.E.C. Consent Order against TWYMAN, the principal of TFF's co-joint venturers Wycliffe Trust and VENTURES 7000; or

c) that TFF was in default on all of its promissory notes and/or investment contracts with INVESTORS ONE through SEVEN because it had failed to timely repay them their principal let alone the promised 500% returns.

93. INVESTOR EIGHT would not have invested with Respondents if he had known of the 2008 California Desist and Refrain Order against MOSS, the S.E.C. Consent Order against TWYMAN, or that TFF was already in default on its obligations to other investors.

THE CONVERSION OF TFF'S LOW ALPHA LEAD PROMISSORY NOTES INTO REVENUE SHARING AGREEMENTS FOR THE GOLD RECOVERY PROJECT

94. By late April 2013, with TFF not having paid any returns on its low alpha lead investments, TFF and MOSS began soliciting investors to convert those investments into ones for the purported gold recovery project in the Philippines.

95. Despite the fact that TFF had failed to recover any low alpha lead, on April 26, 2013, MOSS and TFF emailed investors stating: "[W]e (TFF) DO NOT explore, mine or dig – we simply recover real product & hard assets."

96. MOSS and TFF stated: "The Fortitude Foundation … desires to bring like-minded Kingdom partners in to participate w/us under a Revenue Sharing arrangement in our Gold Recovery Project that may provide exponential returns…. Under this plan we have in place the mechanism to recover vast quantities of high quality gold bullion, and other collectible and precious stones, which may yield rapid and mid-term high yields."

97. MOSS and TFF invited investors in the low alpha lead project to exchange their promissory notes for "Revenue Share" units in the purported gold recovery project in the Philippines with VENTURES 7000.

98. An attachment to the April 26, 2013 email from MOSS and TFF projected investors would receive "an estimated return of **19.8 to 1** within 12 months of total funding and a combined estimated return from both the Bay Project and the Bahama Mama Project of **51.8 to 1** over an 18 to 36 month period."

99. Another attachment to the email asserted TFF's and VENTURES 7000's "intense commitment to a Biblically based code of business ethics," and their "foundational principles of

honesty, integrity, productivity, stewardship, transparency and fairness," without disclosing the 2008 California Desist and Refrain Order against MOSS or the S.E.C. Consent Order against TWYMAN.

100. INVESTOR ONE, INVESTOR FIVE and INVESTOR SEVEN agreed to exchange their respective low alpha lead promissory notes for Revenue Sharing Units in the purported gold recovery project.

101. Respondents have failed to repay INVESTORS ONE through EIGHT the principal amounts they invested in the low alpha lead project and the gold recovery project, which collectively total $844,000.

102. TFF has failed to repay INVESTOR ONE the $111,800 he invested concerning the purported Brazilian bond.

103. INVESTOR ONE has not received any dividends, return of his $18,000 principal or payment of any kind in connection with the stock in the Christian Angel Capital Network that MOSS and TFF sold him.

THE CONTINUED OFFERING OF UNREGISTERED SECURITIES BY MOSS, TFF, AND VENTURES 7000

104. On August 13, 2015, MOSS and TFF sent an email to at least INVESTORS TWO, FIVE and SIX, each an Arizona resident, soliciting further investments in the purported Philippine gold recovery project.

105. MOSS' email of August 13, 2015 stated: "

106. The attachment to MOSS' email was titled "Ventures 7000 Official News Brief" and featured a picture of TWYMAN on the first page.

107. The "Ventures 7000 Official News Brief" stated:

> In the years that have transpired since first establishing operations, our vision of positively impacting the world through recovery and distribution of immense wealth has never wavered!
>
> ...

> We are poised on the threshold of achieving all that we have so diligently pursued! In fact, our prospects for phenomenal success have never been greater nor more tangible than they are today!
>
> ...
>
> Ventures 7000 has successfully identified and verified multiple treasure sites over the years. **We have now shifted from a "treasure hunting mode" to a "treasure recovery mode!"** This shift presages the ability for Ventures 7000 to engage in the net revenue distribution process in the foreseeable future. Future updates may contain some financial tips on lessening the tax blow of impending partner distributions.

108. The "Ventures 7000 Official News Brief" offered further investments in the purported gold recovery project by stating: "As we finally move into the final recovery stage, there will be a small window of opportunity for existing partners to increase their investment position by purchasing additional revenue sharing units at a reduced rate and thereby increase their distribution payout."

109. Since August 2015, MOSS, TFF and VENTURES 7000 have offered the revenue sharing units without disclosing that the $250,000 offering in June 2012, which INVESTOR ONE funded, had failed to pay any returns.

110. The revenue sharing units being offered by MOSS, TFF and VENTURES 7000 are not registered as securities with the Arizona Corporation Commission.

111. TFF's promissory notes and investment contracts are not registered as securities with the Arizona Corporation Commission.

112. The shares of Christian Angel Capital Network stock that MOSS and TFF sold INVESTOR ONE are not registered as securities with the Arizona Corporation Commission.

113. No Respondent is or ever has been registered with the Arizona Corporation Commission as a dealer or salesman.

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V.

VIOLATION OF A.R.S. § 44-1841

(Offer and Sale of Unregistered Securities)

110. From on or about June 21, 2012, Respondents have been offering or selling securities in the form of promissory notes and/or investment contracts by TFF and VENTURES 7000, and shares of stock in Christian Angel Capital Network, within or from Arizona.

111. The securities referred to above are not registered pursuant to Articles 6 or 7 of the Securities Act.

112. This conduct violates A.R.S. § 44-1841.

VI.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

113. From on or about June 21, 2012, Respondents have been offering or selling securities in the form of promissory notes and/or investment contracts by TFF and VENTURES 7000, and shares of stock in Christian Angel Capital Network, within or from Arizona, while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

114. This conduct violates A.R.S. § 44-1842.

VII.

VIOLATION OF A.R.S. § 44-1991

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

115. In connection with the offer or sale of securities within or from Arizona, Respondents are, directly or indirectly: (i) employing a device, scheme, or artifice to defraud; (ii) making untrue statements of material fact or omitting to state material facts that are necessary in order to make the statements made not misleading in light of the circumstances under which they are made; or (iii) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or

deceit upon offerees and investors. Respondents' conduct includes, but is not limited to, the following:

a) promoting themselves as Christian businessmen of unquestionable integrity and asserting TFF's and VENTURE 7000's "intense commitment to a Biblically based code of business ethics" and "foundational principles of honesty, integrity, productivity, stewardship, transparency and fairness," without disclosing: (i) the 2008 California Desist and Refrain Order that found MOSS committed securities fraud or the S.E.C. Consent Order against TWYMAN, which arose from allegations he engaged in a scheme to commit securities fraud;

b) soliciting and inducing INVESTOR EIGHT to invest in TFF's low alpha lead project without disclosing that TFF was in default on all of its low alpha lead promissory notes and/or investment contracts with INVESTORS ONE through SEVEN because it had failed to timely repay them their principal and had failed to pay them the promised 500% returns; and

c) offering additional Philippine gold recovery project revenue sharing units in August 2015 without disclosing that the $250,000 offering in June 2012, which INVESTOR ONE funded, has failed to yield any recovery of gold bullion or to pay any returns.

116. This conduct violates A.R.S. § 44-1991.

VIII.

CONTROL PERSON LIABILITY PURSUANT TO A.R.S. § 44-1999

117. From at least June 21, 2012 through the present, MCHATTON has been a director and/or trustee, or held himself out as being a director and/or trustee, of TFF.

118. From June 21, 2012 through the present, MCHATTON directly or indirectly controlled TFF within the meaning of A.R.S. § 44-1999. Therefore, MCHATTON is jointly and severally liable to the same extent as TFF for its violations of A.R.S. § 44-1991 from June 21, 2012 through the present.

119. From at least June 21, 2012 through the present, MOSS has been a director and/or trustee, or held himself out as being a director and/or trustee, of TFF.

120. From June 21, 2012 through the present, MOSS directly or indirectly controlled TFF within the meaning of A.R.S. § 44-1999. Therefore, MOSS is jointly and severally liable to the same extent as TFF for its violations of A.R.S. § 44-1991 from June 21, 2012 through the present.

121. From at least June 21, 2012 through the present, SPROAT has been a director and/or trustee, or held himself out as being a director and/or trustee, of TFF.

122. From June 21, 2012 through the present, SPROAT directly or indirectly controlled TFF within the meaning of A.R.S. § 44-1999. Therefore, SPROAT is jointly and severally liable to the same extent as TFF for its violations of A.R.S. § 44-1991 from June 21, 2012 through the present.

123. Since at least July 9, 2013, TWYMAN has been the manager, a director and an executive officer of VENTURES 7000; and MOSS has been a director of VENTURES 7000.

124. From at least July 9, 2013, TWYMAN and MOSS directly or indirectly controlled VENTURES 7000 within the meaning of A.R.S. § 44-1999. Therefore, TWYMAN and MOSS are jointly and severally liable to the same extent as VENTURES 7000 for its violations of A.R.S. § 44-1991 from July 9, 2013 through the present.

IX.

TEMPORARY ORDER

Cease and Desist from Violating the Securities Act

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

IT IS ORDERED, pursuant to A.R.S. § 44-1972(C) and A.A.C. R14-4-307, that Respondents MOSS, TFF and VENTURES 7000, their agents, servants, employees, successors, assigns, and those persons in active concert or participation with Respondents MOSS, TFF and VENTURES 7000 CEASE AND DESIST from any violations of the Securities Act.

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

IT IS FURTHER ORDERED that if a request for hearing is made, this Temporary Order shall remain effective from the date a hearing is requested until a decision is entered unless otherwise ordered by the Commission.

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

X.

REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

1. Order Respondents to permanently cease and desist from violating the Securities Act pursuant to A.R.S. §§ 44-2032, 44-1961 and 44-1962;

2. Order Respondents to take affirmative action to correct the conditions resulting from Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. §§ 44-2032, 44-1961 and 44-1962;

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

4. Order Respondents to pay the state of Arizona administrative penalties, pursuant to A.R.S. §§ 44-1961 and 44-1962;

5. Order that the respective marital communities of Respondents MCHATTON and STARLA T. MCHATTON, MOSS and JENNIFER L. MOSS, and SPROAT and JANE DOE SPROAT are subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action pursuant to A.R.S. § 25-215; and

6. Order any other relief that the Commission deems appropriate.

XI.

HEARING OPPORTUNITY

Each Respondent, including Respondent Spouses STARLA T. MCHATTON, JENNIFER L. MOSS, and JANE DOE SPROAT, may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. Rule 14-4-307. **If a Respondent or Respondent Spouse requests a hearing, the requesting**

Respondent must also answer this Temporary Order and Notice. A request for hearing must be in writing and received by the Commission within 20 days after service of this Temporary Order and Notice. The requesting respondent must deliver or mail the request for hearing to Docket Control, Arizona Corporation Commission, 1200 West Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at www.azcc.gov/divisions/hearings/docket.asp.

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

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

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

XII.

ANSWER REQUIREMENT

Pursuant to A.A.C. R14-4-305, if a Respondent or Respondent Spouse requests a hearing, the requesting respondent must deliver or mail an Answer to this Temporary Order and Notice to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Temporary Order and Notice. Filing

instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at www.azcc.gov/divisions/hearings/docket.asp.

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

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

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

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this 23rd day of February, 2016.

Matthew J. Neubert
Director of Securities