



CONTACT INFORMATION

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The following file is part of the

Arizona Department of Mines and Mineral Resources Mining Collection

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PRINTED: 03/14/2003

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES AZMILS DATA

PRIMARY NAME: PANNOS MINE

ALTERNATE NAMES:

MUSH CLAIMS

VULTURE PROJECT

MARICOPA COUNTY MILS NUMBER: 785

LOCATION: TOWNSHIP 4 N RANGE 6 W SECTION 35 QUARTER C

LATITUDE: N 33DEG 38MIN 47SEC LONGITUDE: W 112DEG 50MIN 30SEC

TOPO MAP NAME: BELMONT MTS - 15 MIN

CURRENT STATUS: OTHER

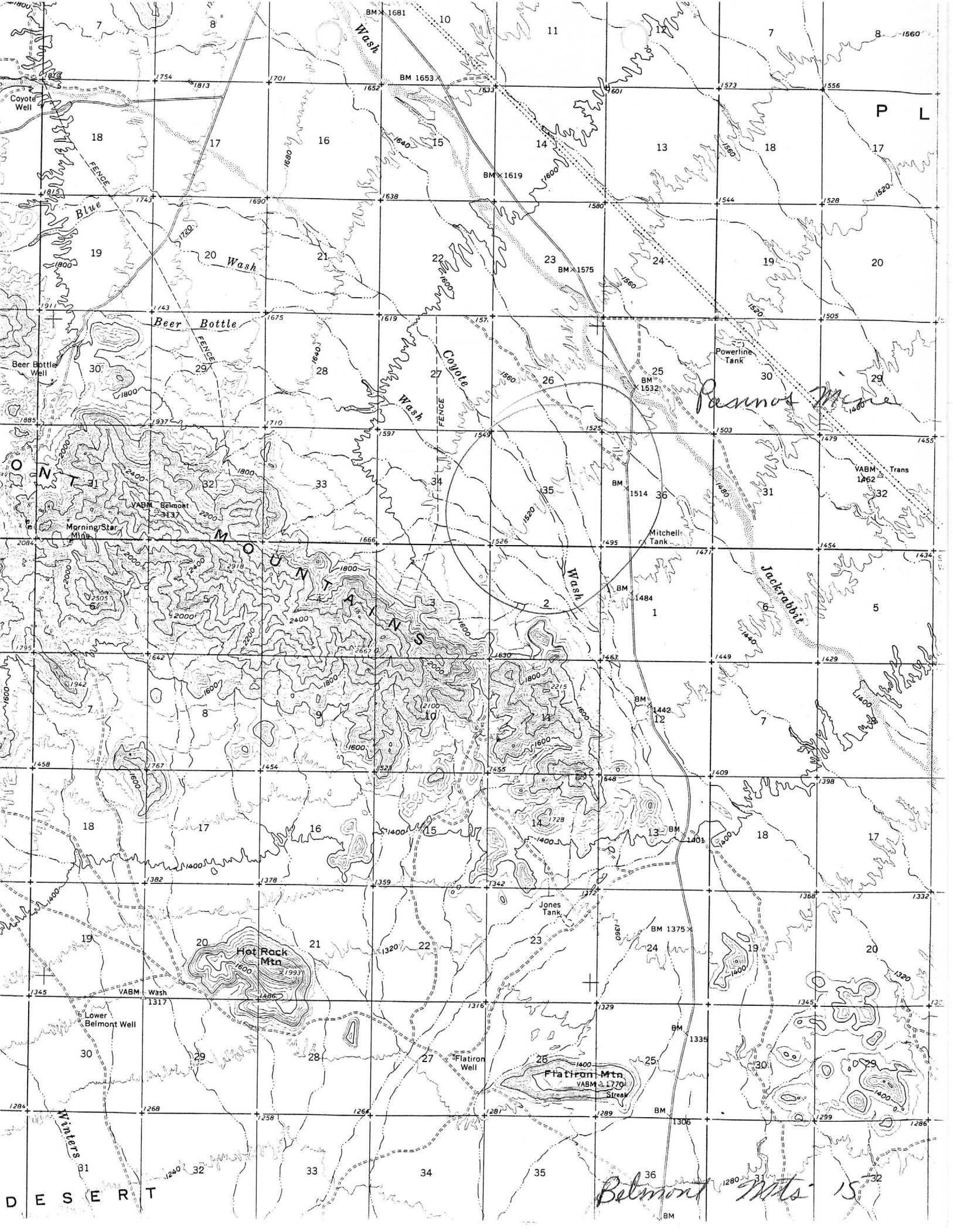
COMMODITY:

UNKNOWN

BIBLIOGRAPHY:

ADMMR PANNOS MINE FILE

24- color pics to KEVIN



D E S E R T

Belmont Mts 15

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES

VERBAL INFORMATION SUMMARY

1. Information from: Securities Division

Company: Arizona Corporation

Address:

2. Phone: 542-4242

3. Mine: PANNOS MINE

4. ADMMR Mine File: Pannos Mine

5. County: Maricopa

6. Summary of information received, comments, etc.:

Received a copy of a "Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist" against Pannos Mining for action involving the Pannos Mine. In addition to giving a notice of hearing in the form of a temporary cease and desist order, the Corporation Commission can levy administrative fines.

Date: January 4, 1989

Ken A. Phillips, Chief Engineer

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES

VERBAL INFORMATION SUMMARY

1. Information from: Jerry Haggard

Company: Evans, Kitchell and Jenckes

Address: Phoenix, AZ

2. Phone:

3. Mine: PANNOS MINE

4. ADMMR Mine File: Same

5. County: Maricopa

6. Summary of information received, comments, etc.:

Mr. Haggard reported the surface where Pannos has their mining claims is owned by his client - Douglas Land Company. They are considering initiating a private validity contest for lack of discovering to keep them from mining on the claims.

Date: September 7, 1988

Nyal J. Niemuth, Mining Engineer

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES

VERBAL INFORMATION SUMMARY

1. Information from: Steve Gurwitz

Company: Federal Trade Commission

Address: Washington, DC

2. Phone: (202) 326-3272

3. Mine: PANNOS MINE

4. ADMMR Mine File: Same

5. County: Maricopa

6. Summary of information received, comments, etc.:

Mr. Gurwitz reported that the Pannos Mine and the Pannos Mining Company are effectively out of business. Although Pannos promised the Federal Court they post sufficient money (approximately \$2,500,000) to cover all investors. He doubted they would come through and then the sales effort would be finished.

Date: December 13, 1988

Ken A. Phillips, Chief Engineer

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES

VERBAL INFORMATION SUMMARY

1. Information from: Jacobs Assay Office

Company:

Address: Tucson

2. Phone:

3. Mine: PANNOS MINE

4. ADMMR Mine File: Same

5. County: Maricopa

6. Summary of information received, comments, etc.:

See attached copies of preliminary tests.

ADMMR Samples 28041 and 28042 were provided by Pannos employee Jack Wright at the Pannos Mine.

The results of cyanide leach bottle tests show no gold or silver detected in the heads, solutions or tailings.

Date: December 13, 1988

Ken A. Phillips, Chief Engineer

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES

VERBAL INFORMATION SUMMARY (SHORT FORM)

May be Reproduced

May Be Inserted Into Mine File Or Added To "Rumor Page"

1. Information from: Field visit by Ken A. Phillips

Address: Chief Engineer, Arizona Dept. of Mines & Mineral Resources

2. Phone:

3. Mine: PANNOS MINE

4. ADMMR Mine File: Pannos Mine

5. County: Maricopa

6. MILS Number:

7. Operational Status:


8. Summary of information received, comments, etc.:

In the company of Marcy Tiffany, Regional Director, Federal Trade Commission, Los Angeles, a visit was made to the Pannos Mine site in Sec. 35, T4N R6W. The gravel screening plant that was on site Sept. 1, 1988 has been removed. Piles of screened material remain and each is posted with a faded sign labeling its material such as "-2mm TOPSOIL" etc. The total amount of material in such piles is less than 500 tons. A pit has been excavated approximately 200 feet north of site of the screening plant. Approximate dimensions of the pit are 100 feet long, 50 feet wide and a maximum of 25 feet deep. The approximate volume of the pit 62,500 cubic feet or about 3500 tons. Nearly all of the material from the pit appears to be piled around its perimeter.

It does not appear that any mining activity has taken place at the site since at least October 14, 1988 when heavy rains fell in the area. The frontend loader, crawler dozer and backhoe on site Sept. 1, 1988 were parked north-north west of the screening plant site.

A number of pictures were taken by Marcy Tiffany. The property has been posted with Arizona Mine Inspector's Office "Dangerous Conditions" signs.

Date: October 27, 1988


(Signature) AzDMMR

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES

VERBAL INFORMATION SUMMARY (SHORT FORM)

May be Reproduced

May Be Inserted Into Mine File Or Added To "Rumor Page"

1. Information from: Mike Jacobs, Jacobs Assay Office

Address: 1435 S. 10th Avenue, Tucson, AZ 85713

2. Phone: 622-0813

3. Mine: PANNOS MINE

4. ADMMR Mine File: Pannos Mine

5. County: Maricopa


6. MILS Number:

7. Operational Status:

8. Summary of information received, comments, etc.:

Mike Jacobs reported verbally on the results of cyanide bottle leach tests on the two samples of screened -2mm topsoil from the Pannos Mine site in Sec. 35, T4N R6W. No gold or silver was detected in the head ore, leached residue or leach solution. A written report was to follow according to Mr. Jacobs.

Date: October 24, 1988


(Signature) AzDMMR

PANNOS MINE

MARICOPA COUNTY

KAP WR 6/10/88: Numerous attempts were made to find access to the sites where Pannos Mining Corporation (Pannos Mine - file, Maricopa County) is purported to be mining and shipping 50 tons of placer ore per day and constructing a 1000 ton perday processing plant along the Vulture Mine-Belmont Mountains road, specifically in Secs 34 & 35, T4N R6W and Secs 5, 6, 7, and 8, T3N R5W. Recent placer sampling work appears to have been done in the west half of Sec 35, T4N R6W within the last few weeks. Evidence includes a number of shallow pits excavated by a rubber tired loader and the loader parked on site. I estimate the loader has not been moved for a couple of weeks. Photographs were taken of part of the site in Section 35 for the file.

Pannas Mine
(file)

36 Marsh Woods Lane
Wilmington, DE. 19810
January 25, 1994

Mr. H. Mason Coggin, PE & LS
Director, Arizona Dept. of Mines & Mineral Resources
1502 W. Washington
Phoenix, AZ. 85007

Dear Mr. Coggin:

In regard to our telephone conversation today, I am enclosing a News Release from Goldera Resources Inc. dated 20 March 1986 and signed by James R. McColl, Chairman & C. E. O. In the release, Mr. McColl discusses the results of Goldera's mining operations at their site on the Hassayampa River in Arizona.

I would greatly appreciate it if you would look over this report, and give me your professional opinion regarding the precious metals listed, that he states were found at the above site. Have these precious metals ever been found in Arizona and, if so, in what quantities? Also, would Gold be likely to be found in this quantity by the mining method stated? Do you have any other opinions or data regarding the validity of this report?

Thank you for your time in answering these questions.

Sincerely,

Carter Williams

Carter Williams

February 1, 1994

Mr. Carter Williams
36 Marsh Woods Lane
Wilmington, DE 19810

Dear Mr. Williams:

I am in receipt of your letter of January 25, 1994 and the attached Goldera Resources Inc. News Release of March 20, 1986. In regards to the claims made in that release I offer the following professional opinions and comments:

1. I am familiar with the pits dug by Goldera Resources from in the area. I have conducted an examination of materials in a pit about six miles from this property using conventional methods of sampling and processing placer materials.
2. The analysis are not what I would expect from a registered assayer for raw ores or concentrates from any Arizona mining property. High concentrations of platinum and platinum group metals are not expected in Arizona. When these values have been reported in our state they were the results of unreliable assayers and/or nonstandard assay procedures. I have never been able to corroborate these results through established and reputable laboratories. Arizona mines have never produced any significant amounts of platinum group metals and to my knowledge the investors in these platinum based schemes in Arizona have never received a return on their investments.
3. The practice of reporting unusually high values of gold and platinum group metals has become associated fraudulent promotional efforts which have bilked investors out of millions of dollars across the country. These scams are well documented in the attached publications.

Sincerely,

H. Mason Coggin, Director

Attachments:

Greeley
NASSA

MINING SCAMS
"DIRT PILE" GOLD SWINDLES

Goldera Resources Inc.

VSE SYMBOL GDA.V

#200 - 675 W. Hastings St.
Vancouver, B.C. V6B 4Z1
Tel. (604) 687-8451

NEWS RELEASE

20 March 1986

James R. McColl, Chairman and C.E.O. for the company, reports that the company has successfully completed its first series of laboratory and commercial size batch leach tests at the company's pilot plant located on the Hassayampa River approximately 45 miles west of Phoenix, Arizona.

During the latter part of 1985 the company conducted many and varied tests on its property on the Hassayampa, and on many other properties in Arizona and California which have demonstrated similar precious metals content and values to the company's Hassayampa properties. The company's 1985 testing was conducted in a combined effort of six companies, C.W. Mining Inc., Desert Gold Ltd., Rio Sierra Silver Corp., Bradsue Resources Ltd., Nevada Park Silver Corp., and L. Boerner & Associates.

Since January 1st of this year Goldera has been engaged in a concentrated effort in co-operation with its neighbor, C.W. Mining Inc., to develop a production technique satisfactory to our commercial requirements, at the same time being satisfactory to environmental and regulatory authorities.

We are pleased to announce that our test procedures have proven satisfactory to the point where we are immediately expanding into trial production of 10-20 tons per day on a continuous basis. The intent is to produce sufficient concentrates to facilitate testing of a computerized chemical refining plant capable of handling an operation of between 750 and 1,000 tons per day.

In recent commercial tests the company processed by gravity separation, 17 tons of head-ore which had previously been screened to minus 1/6 inch. From the 17 tons of head-ore we recovered approximately 400 pounds of gravity concentrates, estimated to contain approximately 50% of the gross precious metal content in a ton of head-ore, with the remaining 50% been contained in the clay and gang-ore. Of the 400 pounds of concentrate, approximately 72.3% were magnetics and 27.7% non-magnetics. The following is a chemical analysis for the concentrates as determined by Direct-Coupled-Plasma atomic absorption spectroscopy:

		Magnetics	Non-Magnetics
Au	Gold	1.835 oz/ton	.072 oz/ton
Pt	Platinum	1.029 oz/ton	.319 oz/ton
Pd	Palladium	.386 oz/ton	.052 oz/ton
Ir	Iridium	3.111 oz/ton	.956 oz/ton
Os	Osmium	.248 oz/ton	.082 oz/ton
Ru	Ruthenium	.959 oz/ton	.299 oz/ton
Rd	Rhodium	.801 oz/ton	.260 oz/ton

The procedure used for the foregoing analysis was for the most part, a procedure used and published by the United States Bureau of Mines Report of Investigations/1985 (RI 8970).

The concentrates are roasted, then precious metals are collected using silver-inquart, and finally silver-inquart is digested totally in Aqua-Regia with final determination being made from Aqua-Regia solutions, by DCP analysis.

Company officials are confident that its early success in laboratory field test operations will continue in trial production, and that the values demonstrated are adequate assurance of early commencement of a full scale commercial operation in 1986.

The company is currently in discussions and negotiations with principals who have existing facilities which are presently idle and which facilities could be modified to process our Hassayampa ores. Successful conclusion of our present efforts could allow very early commercial production.

ON BEHALF OF THE BOARD


James R. McColl, Chairman & C.E.O.

The Vancouver Stock Exchange has neither approved nor disapproved the information contained herein.



Pannos Mine file K

STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37219

NED McWHERTER
GOVERNOR

ELAINE A. McREYNOLDS
COMMISSIONER

(615) 741-5900

m.c.
Re: Leviticus Project Association Investigation:
Pannos Mining Company

Dear Mr. Phillips:

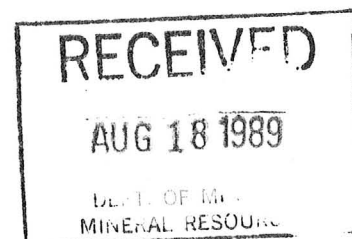
I have enclosed a statement which I prepared from the FTC information. Please read it carefully to make sure that the information is still accurate to the best of your knowledge.

If you find that the statement is accurate, please take it to a notary and sign in his or her presence.

If you believe that any corrections or additions are necessary, feel free to make them. If you make major additions or corrections, please return the statement to me as soon as possible so that it can be retyped. If you make minor corrections, simply line out the error, write the correction and initial the correction prior to having the statement notarized.

Sincerely,

Kenneth J. Athon
Special Investigator for
The Leviticus Project Association



Pannos Mining Co. File

RECEIVED
AZ. CORP. COMMISSION
JAN 3 2 22 PM '89

DOCUMENT
CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

RENZ D. JENNINGS
Chairman
MARCIA WEEKS
Commissioner
DALE H. MORGAN
Commissioner

IN THE MATTER OF THE OFFERING
OF SECURITIES BY:

DOCKET NO. S-2544-I

PANNOS MINING COMPANY
CHRISTOPHER E. PANNOS
JAMES E. PANNOS
LYNN DILTZ
2706 Harbor Boulevard #208
Costa Mesa, California 92626
and
2303 Memorial
Las Vegas, Nevada 89119
or
3430 E. Flamingo #103
Las Vegas, Nevada 89119

NOTICE OF OPPORTUNITY
FOR HEARING REGARDING
PROPOSED ORDER TO
CEASE AND DESIST

WILLIAM B. MOONEY
8145 East Camelback Road #231
Scottsdale, Arizona 85251

RICK STEVENS
7300 Blanco Road #711
San Antonio, Texas 78216

JACQUELIN SIROTA d/b/a
GLOBAL CONSULTANTS
LOREN TWEED
3024 North Park Way
San Diego, California 92104

PAUL COHEN
3024 North Park Way
San Diego, California 92104
and
1127 Hilltop Drive
Chula Vista, California 92011

LEONARD GRASSI ASSOCIATES, INC.
2706 Harbor Boulevard #209-B
Costa Mesa, California 92626

. . . .

. . . .

. . . .

B0683B:JDN

RECEIVED
JAN 04 1989

1 The Securities Division has obtained information which
2 tends to show, and it alleges, that Respondents, PANNOS MINING
3 COMPANY, CHRISTOPHER E. PANNOS, JAMES E. PANNOS, LYNN DILTZ,
4 WILLIAM B. MOONEY, RICK STEVENS, JACQUELIN SIROTA d/b/a GLOBAL
5 CONSULTANTS, LOREN TWEED, PAUL COHEN and LEONARD GRASSI
6 ASSOCIATES, INC., singularly and in concert, engaged in acts and
7 practices which constitute violations of A.R.S. §§ 44-1841,
8 44-1842 and 44-1991 of the Securities Act of Arizona.

9 I.

10 RESPONDENTS

11 1. PANNOS MINING COMPANY (PANNOS), whose last known
12 business addresses are 2706 Harbor Blvd. #208, Costa Mesa, CA
13 92626, 2303 Memorial, Las Vegas, NV 89119, or 3430 E. Flamingo
14 #103, Las Vegas, NV 89119, was at all relevant times a
15 partnership doing business within or from Arizona.

16 2. CHRISTOPHER E. PANNOS (CHRIS PANNOS), whose last
17 known business addresses are 2706 Harbor Blvd. #208, Costa Mesa,
18 CA 92626, 2303 Memorial, Las Vegas, NV 89119, or 3430 E. Flamingo
19 #103, Las Vegas, NV 89119, was at all relevant times doing
20 business within or from Arizona as the managing partner of
21 PANNOS.

22 3. JAMES E. PANNOS (JAMES PANNOS), whose last known
23 business addresses are 2706 Harbor Blvd. #208, Costa Mesa, CA
24 92626, 2303 Memorial, Las Vegas, NV 89119, or 3430 E. Flamingo
25 #103, Las Vegas, NV 89119, was at all relevant times doing
26 business within or from Arizona as a partner of PANNOS. JAMES
27 PANNOS is the brother of CHRIS PANNOS.

28 4. LYNN DILTZ (DILTZ), whose last known business

1 addresses are 2706 Harbor Blvd. #208, Costa Mesa, CA 92626, 2303
2 Memorial, Las Vegas, NV 89119, or 3430 E. Flamingo #103, Las
3 Vegas, NV 89119, was at all relevant times doing business within
4 or from Arizona as an employee of PANNOS.

5 5. WILLIAM B. MOONEY (MOONEY), whose last known
6 business address is 8145 E. Camelback Rd. #231, Scottsdale, AZ
7 85251 was at all relevant times doing business within or from
8 Arizona as an employee or agent of PANNOS.

9 6. RICK STEVENS (STEVENS), whose last known business
10 address is 7300 Blanco Road, #711, San Antonio, TX 78216 was at
11 all relevant times doing business within or from Arizona as an
12 employee of Future Concepts, a Texas business entity doing
13 business in Arizona.

14 7. JACQUELIN SIROTA d/b/a GLOBAL CONSULTANTS, (GLOBAL
15 CONSULTANTS), whose last known business address is 3024 N. Park
16 Way, San Diego, CA 92104 was at all relevant times doing business
17 within or from Arizona.

18 8. LOREN TWEED (TWEED), whose last known business
19 address is 3024 N. Park Way, San Diego, CA 92104 was at all
20 relevant times doing business within or from Arizona as an
21 employee of GLOBAL CONSULTANTS.

22 9. PAUL COHEN (COHEN), whose last known business
23 addresses are 3024 N. Park Way, San Diego, CA 92104 and 1127
24 Hilltop Dr., Chula Vista, CA was at all relevant times doing
25 business within or from Arizona as an employee of GLOBAL
26 CONSULTANTS.

27 10. LEONARD GRASSI ASSOCIATES, INC. (LEONARD GRASSI
28 ASSOCIATES), whose last known business address is 2706 Harbor

1 Blvd. #209-B, Costa Mesa, CA 92626, was at all relevant times a
2 California corporation doing business within or from Arizona.

3 II.

4 NATURE OF OFFERING

5 11. Paragraphs 1 through 10 are realleged.

6 12. From on or about April, 1988, Respondents offered
7 to sell and sold securities in the form of investment contracts,
8 commodity investment contracts, fractional undivided interests in
9 mineral rights and certificates of interest or participation in
10 profit sharing agreements, within or from Arizona.

11 13. The name of the offering is the Vulture Project
12 #1. According to the offering materials Respondents CHRIS PANNOS
13 and JAMES PANNOS own the mineral rights to approximately 1,920
14 acres of real property located about 30 miles south of
15 Wickenburg, Arizona. The offering documents state that this
16 mining property has "...a proven reserve in excess of 826 million
17 dollars in recoverable metals, available to us [the Respondents]
18 through the processing of five and one-half million tons of ore."

19 14. According to offering documents, investors are
20 offered the opportunity to purchase gold and silver to be refined
21 from ore not yet mined. Respondents have offered gold to
22 investors at prices ranging from \$275 per ounce to \$335 per
23 ounce, and silver from \$3.50 per ounce to \$4.00 per ounce for
24 delivery in nine to twelve months from the purchases date.
25 Respondents told investors they could receive their return in the
26 same medium in which they invested or its cash equivalent.

27 15. Respondents state that the purpose of the offering
28 is to raise funds in order to "...place a 1,000 ton per day plant

1 on the property." The aggregate amount of the offering is
2 \$10,000,000.

3 16. The Respondents induced some investors to invest
4 in the Vulture Project #1 by offering them the opportunity to
5 purchase a surety bond from a company called Charter Marine Life
6 and Casualty Insurance Company in order to insure their
7 investment. Investors could purchase this surety bond at a cost
8 of 17% of the amount of their investment. According to the
9 Vulture Project #1 offering materials, Charter Marine Life and
10 Casualty Insurance Company would purportedly refund the
11 investments of surety bondholders if those investors had not
12 received their gold from PANNOS within 120 days after the
13 delivery date specified in their investment contracts.

14 17. The Respondents also induced some investors to
15 invest in the Vulture Project #1 by offering to provide them with
16 a 20 year United States Treasury Bond which would purportedly
17 secure their investment.

18 18. Respondents CHRIS PANNOS and JAMES PANNOS, as the
19 partners of PANNOS, are to oversee all phases of the mining and
20 refining processes. Respondent MOONEY performs legal duties for
21 PANNOS. Respondents MOONEY, DILTZ, STEVENS, GLOBAL CONSULTANTS,
22 TWEED, COHEN, and LEONARD GRASSI ASSOCIATES, have marketed
23 Vulture Project #1 within or from Arizona on behalf of PANNOS,
24 CHRIS PANNOS and JAMES PANNOS.

25 19. The Respondents have offered or sold Vulture
26 Project #1 within or from Arizona to individuals having no
27 pre-existing business relationship with the Respondents through
28 the use of mass media advertising.

1 20. On October 31, 1988, in response to a complaint
2 filed by the Federal Trade Commission alleging violations of 15
3 U.S.C. § 45(a) [unfair or deceptive acts and practices in or
4 affecting commerce], the United States District Court, Central
5 District of California, appointed Robert Baker, 1717 S. State
6 College Blvd., Suite 205, Anaheim, California 92806 as a
7 temporary receiver for Respondents PANNOS, GLOBAL CONSULTANTS and
8 LEONARD GRASSI ASSOCIATES. In addition the Court issued an Order
9 restraining the officers, directors, agents, employees and any
10 other entities or persons under their control from transferring,
11 encumbering, selling or disbursing the assets or property of
12 PANNOS, GLOBAL CONSULTANTS and LEONARD GRASSI ASSOCIATES.

13 III.

14 VIOLATION OF SECTION 44-1841 OF THE

15 SECURITIES ACT OF ARIZONA

16 Offer or Sale of Unregistered Securities

17 21. Paragraphs 1 through 20 are realleged.

18 22. From April, 1988, Respondents offered to sell and
19 sold securities in the form of investment contracts, commodity
20 investment contracts, fractional undivided interests in mineral
21 rights and certificates of interest in or participation in profit
22 sharing agreements, within or from the State of Arizona.

23 23. The securities referred to in paragraph 22 were
24 not registered by description under A.R.S. §§ 44-1871 through
25 44-1875; were not registered by qualification under A.R.S. §§
26 44-1891 through 44-1900; were not exempt securities under A.R.S.
27 §44-1843 or § 44-1843.01; were not offered or sold in exempt
28 transactions under A.R.S. § 44-1844 and were not securities

1 exempt under any rule or order promulgated by the Commission
2 under A.R.S. §§ 44-1845 and 44-1846.

3 24. The conduct alleged in paragraphs 22 and 23
4 violated A.R.S. § 44-1841.

5 IV.

6 VIOLATION OF SECTION 44-1842 OF THE

7 SECURITIES ACT OF ARIZONA

8 Transactions by Unregistered Dealers and Salesmen

9 25. Paragraphs 1 through 24 are realleged.

10 26. In connection with the offers to sell and sale of
11 securities, Respondents acted as dealers or salesmen within
12 Arizona, although not registered pursuant to the provisions of
13 Article 9 of the Act.

14 27. The conduct alleged in paragraph 26 violated
15 A.R.S. § 44-1842.

16 V.

17 VIOLATION OF SECTION 44-1991 OF THE

18 SECURITIES ACT OF ARIZONA

19 Fraud in Connection with the Offer

20 and Sale of Securities

21 28. Paragraphs 1 through 27 are realleged.

22 29. In connection with the offers to sell and sales of
23 securities, Respondents, directly or indirectly, made
24 misrepresentations of material fact and omitted to state material
25 facts which were necessary in order to make the statements not
26 misleading in light of the circumstances under which they were
27 made; Respondents also engaged in transactions and practices or
28 courses of business which operated or would operate as a fraud or

1 deceit upon the offerees and investors within the meaning of
2 A.R.S. § 44-1991, including, but not limited to the following:

3 A. Respondents misrepresented that they were
4 processing 50 tons of ore per day from
5 the Vulture Project #1 mine site;

6 B. Respondents misrepresented that
7 Respondent MOONEY is an attorney when in
8 fact he is not licensed to practice law
9 in any state;

10 C. Respondents omitted to inform offerees
11 and investors of any risks involved in
12 investing in Vulture Project #1, when in
13 fact significant risks exist with respect
14 to all mining projects.

15 D. Respondents omitted to inform offerees
16 and investors of the prior mining and
17 refining experience of PANNOS.

18 E. Respondents omitted to inform offerees
19 and investors of the financial condition
20 of PANNOS;

21 F. Respondents omitted to inform offerees
22 and investors of the amount of
23 commissions, finder's fees or other
24 expenses which were to be paid from
25 investor funds;

26 G. Respondents omitted to inform offerees
27 and investors that Respondent MOONEY was
28 convicted of embezzlement in 1972;

1 H. Respondents omitted to inform offerees
2 and investors that Respondents were not
3 registered as salesmen or dealers with
4 the Securities Division of the Arizona
5 Corporation Commission;

6 and

7 I. Respondents omitted to inform offerees
8 and investors that the Vulture Project #1
9 offering was not registered with the
10 Securities Division of the Arizona
11 Corporation Commission.

12 30. The conduct alleged in paragraph 29 violated
13 A.R.S. § 44-1991.

14 VI.

15 REQUEST FOR RELIEF

16 THEREFORE, Respondents PANNOS MINING COMPANY,
17 CHRISTOPHER E. PANNOS, JAMES E. PANNOS, LYNN DILTZ, WILLIAM B.
18 MOONEY, RICK STEVENS, JACQUELIN SIROTA d/b/a GLOBAL CONSULTANTS,
19 LOREN TWEED, PAUL COHEN and LEONARD GRASSI ASSOCIATES, INC. are
20 hereby notified that the Securities Division will request that
21 the Commission grant the following relief against Respondents:

22 1. Order Respondents to cease and desist
23 from the conduct alleged in this NOTICE pursuant to A.R.S. §
24 44-2032.

25 2. Order Respondents to pay the Commission
26 an administrative penalty of up to \$5,000 for each violation of
27 law alleged in this NOTICE pursuant to A.R.S. § 44-2036.

28 3. Order Respondents to take affirmative

1 action, including but not limited to restitution, in order to
2 correct the conditions resulting from their acts, practices or
3 transactions, pursuant to A.R.S. § 44-2032.

4 IT IS ORDERED that Respondents are hereby notified that
5 they are afforded an opportunity for hearing upon written request
6 filed with Docket Control, Arizona Corporation Commission, 1200
7 West Washington, Phoenix, Arizona 85007, within 10 days after
8 receipt of this Notice. If any Respondent does not request a
9 hearing within the time prescribed, such Respondent will be
10 deemed to have admitted the allegations and the Commission will
11 enter an Order, containing such allegations as Findings of Fact
12 and Conclusions of Law, ordering the requested relief, including
13 entry of a cease and desist order, administrative penalties, and
14 restitution.

15 BY ORDER OF THE ARIZONA CORPORATION COMMISSION
16 this 30 day of January, 1988. ^{9m52}

17
18
19 MATTHEW J. ZALE
20 Director of Securities
21
22
23
24
25
26
27
28

BUREAU OF LAND MANAGEMENT
% MR.KEN PHILLIPS

JACOBS ASSAY OFFICE
1435 So. 10th Avenue
Tucson, Arizona 85713
602-622-0813

RECEIVED

NOV 25 1988

10/28/88
PRELIMINARY TESTS

SAMPLE NO. PANNOS TOP SOIL as received.
Weight as received (28041) 3.75 lbs ; Size, all minus 1 inches
HEAD ASSAY: Gold TRACE oz/T, Silver 0.05 oz/T
GOLD/200 grams N/A mg; SILVER/200 grams N/A

AMALGAMATION
200 grams - 100 Mesh

800 cc water
40 grams mercury
1 gram sodium hydroxide
Agitate 3 hours

AMALGAM

GOLD oz/T XXXXXXX

SILVER oz/T XXXXXXX

TOTAL mg Gold

TOTAL mg
silver

Percent recovery

gold =

silver =

CYANIDATION
200 grams - 100 Mesh

800 cc water
2 grams sodium
cyanide
1,2 grams lime
Agitate 24 hours

TAILS

SOLUTION

TAILS

N/A <0.001

N/A <0.05

N/A N/A

N/A N/A

Free sodium cyanide
lb/Ton

Solution = 4.40

Ore = 18.00

Lime lb/Ton

Solution = 2.30

Ore = 9.00

Percent recovery

gold = N/A

silver = N/A

PH 10.5

METALLICS
200 grams - 100 Mesh

10 minute screening
time

Iron

mg

METALLICS

PULP

Wt. g

Oz/T gold

Oz/T silver

Wt. Gold

mg

Wt. silver

mg

Started with

ORE: 20#/ton NaCN

12#/ton CaO

SOL: 5#/ton NaCN

3#/ton CaO

NOTE:

ALL ORE SAMPLES HEADS & TAILS

FIRE-ASSAY METHOD

ALL SOLUTION ASSAY-AA

ALL ASSAYS IN DUPLICATE



% MR. KEN PHILLIPS

JACOBS ASSAY OFFICE
1435 So. 10th Avenue
Tucson, Arizona 85713
602-622-0813

NOV 25 1988

10/28/88

PRELIMINARY TESTS

SAMPLE NO. TOP SOIL 28042
PANOS ALL BUT as received.

Weight as received 3 lbs ; Size, all minus 1 inches

HEAD ASSAY: Gold TRACE oz/T, Silver <0.05 oz/T

GOLD/200 grams N/A mg; SILVER/200 grams N/A

AMALGAMATION

200 grams - 100 Mesh

800 cc water
40 grams mercury
1 gram sodium hydroxide
Agitate 3 hours

CYANIDATION

200 grams - 100 Mesh

800 cc water
2 grams sodium
cyanide
1,2 grams lime
Agitate 24 hours

METALLICS

200 grams - 100 Mesh

10 minute screening
time

→ Iron
mg

AMALGAM

TAILS

SOLUTION

TAILS

METALLICS

PULP

GOLD oz/T XXXXXXXXSILVER oz/T XXXXXXXXTOTAL mg Gold TOTAL mg
silver N/A <0.001N/A <0.05N/A N/AN/A N/AWt. g Oz/T gold Oz/T
silver Wt. Gold Wt. Gold
mg mg

Percent recovery

gold = silver = Free sodium cyanide
lb/TonSolution = 3.60Ore = 14.00Wt. silver Wt. silver
mg mg

Started with:

NOTE:

ALL ORE SAMPLES HEADS & TAILS

FIRE-ASSAY-METHOD

ALL SOLUTION ASSAYS-AA

ALL ASSAYS IN DUPLICATE

Lime lb/Ton

Solution = 2.10Ore = 8.00

Percent recovery

gold = N/Asilver = N/APH 10.5

ORE: 20#/ton NaCn

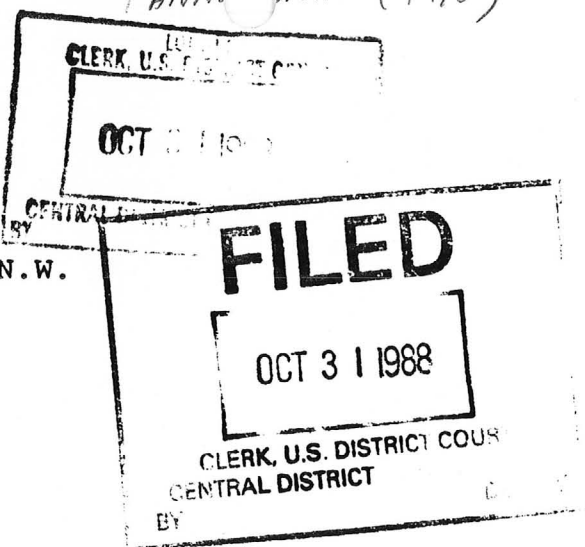
12#/ton CaO

SOL: 5#/TON NaCn

3#/TON CaO

Registered Assayer
Michael G. Jacobs

Pannos Mine (file)



1 KEVIN ARQUIT
General Counsel
2
3 STEPHEN GURWITZ
TIMOTHY S. COYNE
4 CONNIE KOBAKOFF
Federal Trade Commission
5 Pennsylvania Ave. & Sixth St. N.W.
Washington, D.C. 20580
(202) 326-3272
6
7 GREGORY NICOLAYSEN
WENDY VICKMAN
8 Federal Trade Commission
11000 Wilshire Boulevard
Los Angeles, California 90024
(213) 209-7890
9
10 Attorneys for Plaintiff

11 IN THE UNITED STATES DISTRICT COURT
12 CENTRAL DISTRICT OF CALIFORNIA

13	FEDERAL TRADE COMMISSION	)	Civ. No.	88-06453
14)		
15	Plaintiff	)	TEMPORARY RESTRAINING ORDER WITH	
16		)	ASSET FREEZE, ORDER FOR APPOINTMENT	
17	vs.	)	OF TEMPORARY RECEIVER, ORDER	
18		)	PERMITTING EXPEDITED DISCOVERY AND	
19	PANNOS MINING COMPANY,	)	ACCOUNTING, AND ORDER TO SHOW CAUSE	
20	CHRISTOPHER E. PANNOS,	)	WHY A PRELIMINARY INJUNCTION SHOULD	
21	JAMES PANNOS, VIRGIL L.	)	NOT ISSUE AND WHY A PERMANENT	
22	BARKER, PHILIP S. BRANDON,	)	RECEIVER SHOULD NOT BE APPOINTED	
23	JACQUELIN SIROTA d/b/a)		
24	GLOBAL CONSULTANTS,)		
25	INVESTMENT RESEARCH CORP.,)		
26	LEONARD GRASSI ASSOCIATES)		
27)		
28	Defendants)		

23 This cause coming to be heard on the Ex Parte Motion of the
24 plaintiff Federal Trade Commission ("Commission"), for a
25 Temporary Restraining Order with Asset Freeze, Order Appointing
26 Temporary Receiver, Order Permitting Expedited Discovery and
27 Accounting, and Order to Show Cause Why a Preliminary Injunction
28

Should Not Issue and Why a Permanent Receiver Should Not Be Appointed, the Court having considered the plaintiff's pleadings, memoranda, declarations and other exhibits filed in support of said Motion, and now being advised in the premises finds:

1. That this Court has jurisdiction of the subject matter of this case and there is good cause to believe it will have jurisdiction of all the parties hereto.

2. That there is good cause to believe that defendants Pannos Mining Company ("PMC"), Christopher E. Pannos, James Pannos, Virgil L. Barker ("Barker"), Philip Brandon ("Brandon"), Jacquelin Sirota d/b/a Global Consultants ("Global"), Investment Research Corp. ("IRC"), and Leonard Grassi Associates ("LGA"), [hereinafter collectively referred to as "defendants"] and each of them, have engaged and are likely to engage in acts and practices constituting violations of Section 5(a) of the Federal Trade Commission Act, as amended, 15 U.S.C. §45(a), and that the Commission is therefore likely to prevail on the merits of this action.

3. That there is good cause to believe that immediate and irreparable damage to plaintiff's ability to achieve effective final relief for consumers in the form of monetary redress will occur from the sale, transfer, assignment or other disposition or

1 concealment by defendants of their assets or records if notice of
2 the above-mentioned motion is provided to them; and that there is
3 thus good cause for appointment of a temporary receiver and for
4 relieving plaintiff of the duty of providing defendants with
5 prior notice of this motion.

6
7 4. That there is good cause to believe that irreparable
8 harm will occur if a restraining order is not issued.

9
10 5. That no security is required of any agency of the United
11 States for the issuance of a restraining order. Fed.R.Civ.P.
12 65(c).

13
14 I.

15 IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that
16 defendants PMC, Christopher E. Pannos, James Pannos, Barker,
17 Brandon, Global, IRC, LGA and their officers, directors, agents,
18 servants, employees, salespersons, independent contractors,
19 attorneys, corporations, subsidiaries, affiliates, successors,
20 assigns, and other entities or persons directly or indirectly
21 under their control, and all persons or entities in active con-
22 cert or participation with them, including but not limited to F &
23 S Marketing, Inc., Chase Consultants, Livingston Wells & Co.,
24 Inc., Diversified Financial Management, Barrons Group, Inc.,
25 McGregor & Dow, Ltd., Futronics, Certified Rare Coin, Inc.,
26

Future Concepts, International Monetary Group, Southwest Financial Group, Nationwide Coin and Metals, Secured Metals Inc., Gold Tech, Matrix Group, Universal Marketing, Jason Wright & Co., PM Labs, Charter Marine Life and Casualty Insurance Company, Ltd., and Sundance Equity Corp., and each of them, directly or indirectly, in the promotion, sale, or offering for sale of any deferred delivery contracts for gold or silver, or any other investment offering, are hereby restrained and enjoined from:

- (1) Falsely representing in any manner, directly or indirectly, expressly or implicitly, the amount of proven reserves of gold and silver in their mining claims;
- (2) Falsely representing in any manner, directly or indirectly, expressly or implicitly, their current production or processing rate of ore;
- (3) Falsely representing in any manner, directly or indirectly, expressly or implicitly, the degree of risk in the purchase of their deferred delivery contracts for gold and silver, or any other investment offering;
- (4) Falsely representing in any manner, directly or indirectly, expressly or implicitly, the profit return investors can expect to realize by purchasing their

1 deferred delivery contracts for gold and silver, or any
2 other investment offering;

3 (5) Falsely representing in any manner, directly or
4 indirectly, expressly or implicitly, that they are
5 installing a processing facility at the mine site;
6

7 (6) Falsely representing in any manner, directly or
8 indirectly, expressly or implicitly, the desirability
9 or potential profitability of their deferred delivery
10 contracts for gold and silver, or any other investment
11 offering;
12

13 (7) Falsely representing in any manner, directly or
14 indirectly, expressly or implicitly; (a) the past or
15 future earnings of any customer, or (b) the nature or
16 quality of any service of defendants in connection with
17 the sale or offering of deferred delivery contracts for
18 gold and silver, or any investment offering;
19

20 (8) Falsely representing in any manner, directly or
21 indirectly, expressly or implicitly, any other fact
22 likely to affect a consumer's decision to purchase
23 defendants' deferred delivery contracts for gold and
24 silver, or any other investment offering.
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II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that defendants PMC, Christopher E. Pannos, James Pannos, Barker, Brandon, Global, IRC, LGA, and their respective officers, directors, agents, servants, employees, salespersons, independent contractors, attorneys, corporations, subsidiaries, affiliates, successors, assigns, and other entities or persons directly or indirectly under their control, or under common control with them, and all persons or entities in active concert or participation with them, including but not limited to F & S Marketing, Inc., Chase Consultants, Livingston Wells & Co., Inc., Diversified Financial Management, Barrons Group, Inc., McGregor & Dow, Ltd., Futronics, Certified Rare Coin, Inc., Future Concepts, International Monetary Group, Southwest Financial Group, Nationwide Coin and Metals, Secured Metals Inc., Gold Tech, Matrix Group, Universal Marketing, Jason Wright & Co., PM Labs, Charter Marine Life and Casualty Insurance Company, Ltd., and Sundance Equity Corp., and each of them, be and hereby are restrained and enjoined until further order of the Court from directly or indirectly:

- (1) Failing to make and keep books, records, accounts, bank statements, current accountants' reports, general ledgers, general journals, cash receipts ledgers, cash disbursements ledgers and source documents, documents indicating title to

1 real or personal property, and any other data which, in
2 reasonable detail, accurately and fairly reflect the
3 transactions and dispositions of the assets of defendants
4 PMC, Christopher E. Pannos, James Pannos, Barker, Brandon,
5 Global, IRC, and LGA, but only to the extent necessary to
6 comply with the directives of any receiver appointed herein;

- 7
8 (2) Destroying, mutilating, changing, concealing, altering,
9 transferring or otherwise disposing of, in any manner,
10 directly or indirectly, any books, records, tapes, disks,
11 accounting data, checks (fronts and backs), correspondence,
12 forms, advertisements, brochures, manuals, electronically
13 stored data, banking records, customer lists, customer
14 files, telephone records, commission ledgers, payroll
15 records, or other documents of any kind, including
16 information stored in computer-maintained form, in the
17 possession, custody or control of any of the defendants, and
18 all persons or entities in active concert or participation
19 with them, until further order of this Court;

20
21 III.

22
23 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all of the
24 defendants and their respective officers, directors, agents,
25 servants, employees, independent contractors, salespersons,
26 attorneys, corporations, subsidiaries, affiliates, successors,

1 assigns, and other entities or persons directly or indirectly
2 under their control or under common control with them, and all
3 persons or entities in active concert or participation with them,
4 including but not limited to F & S Marketing, Inc., Chase
5 Consultants, Livingston Wells & Co., Inc., Diversified Financial
6 Management, Barrons Group, Inc., McGregor & Dow, Ltd., Futronics,
7 Certified Rare Coin, Inc., Future Concepts, International
8 Monetary Group, Southwest Financial Group, Nationwide Coin and
9 Metals, Secured Metals Inc., Gold Tech, Matrix Group, Universal
10 Marketing, Jason Wright & Co., PM Labs, Charter Marine Life and
11 Casualty Insurance Company, Ltd., and Sundance Equity Corp., and
12 each of them, are hereby restrained and enjoined until further
13 order of the Court from directly or indirectly:

14 (1) transferring, converting, encumbering, selling, concealing,
15 dissipating, disbursing, assigning, spending, withdrawing,
16 or otherwise disposing of any funds, property, coins,
17 bullion, contracts, shares of stock, gold, silver, or other
18 assets, wherever located, owned, controlled by, in whole or
19 in part, or in the actual or constructive possession of,
20 defendants PMC, Global, IRC and LGA, other than to make any
21 transfers to any receiver appointed herein, including but
22 not limited to any assets held by or for said defendants:

23
24 (a) in the name of Pannos Mining Company, in account
25
26

086-302-5854 at Wells Fargo Bank, 137 N. Fairfax, Los Angeles, California 90036;

(b) in the name of Global Consultants, in account number 4158-1315 at California First Bank, 2927 University Avenue, San Diego, California 92104;

(c) in the name of Investment Research Corp., in account number 222830672 at First Interstate Bank, 1398 North Rose Drive, Placentia, California 92670;

(d) in the name of Diversified Financial Management, in account number 0793027004 at Wells Fargo Bank, 101 East 17th Street, Costa Mesa, California 92627;

(e) at any bank or savings and loan institution, or with any broker-dealer, escrow agent, title company, commodity trading company, precious metal dealer or other financial institution;

(2) transferring, converting, encumbering, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, or otherwise disposing of any funds, property, coins, bullion, contracts, shares of stock, gold, silver, or any other assets, wherever located, owned, controlled by, in whole or in part, or in the actual or constructive

1 possession of defendants Christopher Pannos, James Pannos,
2 Barker, Brandon, or any corporation, partnership, or other
3 entity directly or indirectly owned, managed, or controlled
4 by, or under common control with them or any of them
5 (excluding defendants PMC, Global, IRC, and LGA, and their
6 affiliates and subsidiaries), until further order of this
7 Court, except: a) to pay from their personal funds
8 reasonable, usual, ordinary, and necessary living expenses
9 after notice to the Commission and approval by the Court;
10 and b) to pay reasonable attorneys' fees after notice to the
11 Commission and approval by the Court. The funds, property,
12 coins, bullion, contracts, shares of stock, gold, silver or
13 any other assets affected by this paragraph shall include
14 both existing assets and assets acquired after the effective
15 date of this Order.

16
17 IV.

18
19 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendants
20 shall within four (4) days from entry of this Order, prepare and
21 deliver to the Court, counsel for the Commission, and any
22 receiver appointed herein, 1) a complete schedule identifying the
23 nature, location, source and dollar value, estimated if
24 necessary, of all their tangible and intangible assets and
25 property, regardless of location, status or form, including, but
26 not limited to cash holdings, bank accounts, partnership

1 interests, promissory notes, real estate holdings, corporate
2 securities, bonds and notes of indebtedness, and 2) a list of all
3 transfers or assignment of assets and property worth \$1,000 or
4 more since October 1, 1987 that shall include the name of the
5 transferee or assignee, and the type and amount of consideration
6 paid to the defendant.

7
8 V.

9
10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED, pending
11 determination of the Commission's request for a preliminary
12 injunction, that each of the entities named in Paragraph III
13 above and any other financial, or brokerage institution,
14 commodity trading company, or other business entity that holds
15 accounts or property of any of defendants and which is served
16 with a copy of this Order, shall hold and retain within its
17 control and prohibit the withdrawal, removal, assignment,
18 transfer, pledge, hypothecation, encumbrance, disbursement,
19 dissipation, conversion, sale or other disposal of any of the
20 assets, funds or other property held by or under its control on
21 behalf of defendants in any account maintained in the name of or
22 for the benefit of any defendants, except for transfer to any
23 receiver appointed herein. The assets, funds or other property
24 affected by this paragraph shall include both existing assets and
25 assets acquired after the effective date of this Order.
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VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that plaintiff is granted leave, pursuant to Rule 30(a) of the Federal Rules of Civil Procedure, to take the deposition of any party at any time after the date of this Order, and that forty-eight (48) hours notice shall be deemed sufficient for any such deposition; and that the plaintiff is granted leave, pursuant to Rule 34 of the Federal Rules of Civil Procedure, to request production of documents of the individual defendants herein at any time after the date of this Order, and that response to such request for production shall be served on counsel for the Plaintiff within 15 days after the service of the request.

VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, pursuant to Rule 25.1 of the Local Rules of this Court, Robert Bakis is appointed a temporary receiver with the full power of an equity receiver, for defendants PMC, Global, IRC and LGA, and their subsidiaries and affiliates (hereinafter referred to as "the receivership defendants"), and of all the funds, properties, premises and other assets directly or indirectly owned, beneficially or otherwise, by said defendants, with directions and authority to accomplish the following:

1 A. To take custody, control and possession of all the
2 funds, property, premises, mail, and other assets of, or in the
3 possession or under the control of, the receivership defendants,
4 wherever situated, with full power to sue for, collect, receive
5 and take in possession all goods, chattels, rights, credits,
6 moneys, effects, lands, leases, books, workpapers, and records of
7 accounts, including computer-maintained information, and other
8 papers and documents of the receivership defendants and members
9 of the public whose interests are now held by or under the direc-
10 tion, possession, custody or control of the receivership defen-
11 dants;

12 B. To conserve, hold and manage all such assets, pending
13 further order of this Court, in order to prevent any irreparable
14 loss, damage and injury to investors; to conserve and prevent the
15 withdrawal or misapplication of funds entrusted to the receiver-
16 ship defendants; to obtain an accounting thereof; to prevent the
17 inequitable distribution or withdrawal of funds and to determine,
18 adjust and protect the interests of members of the public whose
19 investments have been entrusted to the receivership defendants;
20 and to prevent further violations by the receivership defendants,
21 their respective officers, directors, agents, servants, employ-
22 ees, attorneys, salespersons, successors, assigns, subsidiaries,
23 affiliates, corporations and other persons or entities under
24 their control and all persons in active concert or participation
25
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1 with them, of Section 5(a) of the Federal Trade Commission Act,
2 15 U.S.C. Sec. 45(a);

3 C. To hold, preserve and administer the business of the
4 receivership defendants until further order of this Court, with
5 full authority to perform all acts necessary or incidental
6 thereto;

7
8 D. To employ such managers, agents, employees, servants,
9 accountants as may in his judgment be advisable or necessary in
10 the management, conduct, control or custody of the affairs of the
11 receivership defendants and of the assets thereof; and otherwise
12 generally to assist in the receivership;

13
14 E. To make such payments and disbursements as may be neces-
15 sary and advisable for the preservation of the properties of the
16 receivership defendants and as may be necessary and advisable in
17 discharging his duties as receiver;

18
19 F. To retain and employ attorneys of his choice to assist,
20 advise, and represent him;

21
22 G. To receive and collect any and all sums of money due to
23 or owing to the receivership defendants in any manner whatsoever,
24 whether the same are now due or shall hereafter become due and
25 payable, and to do such things and enter into such agreements in
26

1 connection with the administration, care, preservation and main-
2 tenance of the properties of the receivership defendants as he
3 may deem advisable;

4
5 H. To institute, prosecute and defend, compromise, adjust,
6 intervene in or become party to such actions or proceedings in
7 state or federal courts as may in his opinion be necessary or
8 proper for the protection, maintenance and preservation of the
9 assets of the receivership defendants or the carrying out of the
10 terms of this order, and likewise to defend, compromise or adjust
11 or otherwise dispose of any or all actions or proceedings insti-
12 tuted against him as receiver or against the receivership defen-
13 dants and also to appear in and conduct the defense of any suit
14 or adjust or compromise any actions or proceedings now pending in
15 any court by or against the receivership defendants where such
16 prosecution, defense or other disposition of such actions or
17 proceedings will in the judgment of the said receiver be ad-
18 visable or proper for the protection of the properties of the
19 receivership defendants.

20
21 I. To remove defendants Christopher Pannos, James Pannos,
22 Barker and Brandon and any other officer or employee, from
23 control and management of the affairs of receivership defendants
24 to prevent further evasions and violations of federal laws.
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VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, in light of the appointment of a temporary receiver herein, the receivership defendants are hereby prohibited from filing a petition for relief under the United States bankruptcy code without prior permission of this Court.

IX.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED, that the defendants and their respective officers, directors, agents, servants, employees, attorneys, salespersons, independent contractors, successors, assigns, subsidiaries, affiliates, corporations and other persons or entities directly or indirectly under the control of any of them, or under common control with them or any of them, and all persons or entities in active concert or participation with them or any of them, deliver over to said temporary receiver possession and custody of: 1) all funds, assets, property owned beneficially or otherwise, and all other assets, wherever situated, of the receivership defendants; 2) all books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, cancelled checks, records of wire transfers, and check registers), all client lists, all title documents and other papers of the receivership defendants;

1 and 3) all funds and other assets belonging to members of the
2 public now held by the receivership defendants. The defendants
3 and their respective officers, directors, agents, servants,
4 attorneys, employees, salespersons, successors, assigns, sub-
5 sidiaries, affiliates, corporations and other persons or entities
6 under the control of any of them or under common control with
7 them or any of them, and all persons or entities in active
8 concert or participation with them or any of them, shall refrain
9 from interfering with said receiver taking such custody, control
10 or possession and from interfering in any manner, directly or
11 indirectly, with such custody, possession and control of said
12 receiver.

13 X.
14

15 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendants
16 PMC, Global, IRC and LGA, and the temporary receiver, shall allow
17 representatives of the plaintiff immediate access to inspect the
18 premises and all books, records and accounts of said defendants.
19

20 XI.
21

22 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the
23 defendants, their respective officers, directors, agents,
24 servants, employees, independent contractors, attorneys,
25 salespersons, successors, assigns, subsidiaries, affiliates,
26

1 corporations and other persons or entities under the control of
2 any of them, or under common control with them, fully cooperate
3 with and assist the temporary receiver appointed in this action
4 and that they take no action, directly or indirectly, to hinder
5 or obstruct the receiver in the conduct of his duties or to
6 interfere in any manner, directly or indirectly, with the
7 custody, possession, management or control by said receiver.

8
9 XII.

10 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all banks,
11 broker-dealers, savings and loans, escrow agents, title com-
12 panies, commodity trading companies, or any other financial
13 institutions which are served with a copy of this Order, shall
14 cooperate with all reasonable requests of the temporary receiver
15 relating to implementation of this Order, including transferring
16 funds at his direction and producing records related to
17 defendants' accounts.
18

19
20 XIII.

21 IT IS FURTHER ORDERED that the temporary receiver shall file
22 with the Clerk of this Court a bond in the sum of \$25,000 with
23 sureties to be approved by the Court, conditioned that he will
24 well and truly perform the duties of his office and duly account
25
26

1 for all monies and properties which may come into his hands and
2 abide by and perform all things which he shall be directed to do.
3

4 XIV.

5 IT IS FURTHER ORDERED that each defendant shall immediately
6 provide a copy of this Order to each of its divisions, subsidi-
7 aries, corporations, affiliates, successors, assigns, directors,
8 officers, managing agents, supervisory employees, and each of
9 their employees, representatives or independent contractors.
10 Within twenty-one (21) calendar days following service of this
11 Order by plaintiff, each defendant so served shall file with this
12 Court, and serve on plaintiff, an affidavit identifying the
13 names, titles, addresses, and telephone numbers of the persons
14 and entities whom defendants have served with a copy of this
15 Order in compliance with this provision. The temporary receiver
16 has no obligations under the provisions of this paragraph.
17

18 XV.
19

20 IT IS FURTHER ORDERED that the Temporary Restraining Order
21 granted herein expires on November 7, 1988 unless within
22 such time the Order, for good cause shown, is extended, or
23 unless, as to any defendant, the defendant consents that it
24 should be extended for a longer period.
25

XVI.

1
2
3 IT IS FURTHER ORDERED that each of the defendants shall
4 appear before this Court on the 7th day of November, 1988, at
5 11 o'clock a.m. at the United States Courthouse, Los
6 Angeles, California, to show cause if any there be, why this
7 Court should not appoint a permanent receiver in this case, and
8 why this Court should not enter a preliminary injunction, pending
9 final ruling on the complaint, against said defendants enjoining
10 them from further violations of Section 5(a) of the Federal Trade
11 Commission Act, 15 U.S.C. 45(a), continuing the freeze of their
12 assets, and imposing such additional relief as may be
13 appropriate.

14
15 XVII.

16
17 IT IS FURTHER ORDERED that defendants shall serve opposing
18 affidavits and memoranda on counsel for plaintiff not less than
19 three (3) business days before the hearing on the order to show
20 cause why a preliminary injunction should not issue and a
21 permanent receiver should not be appointed.

22
23 XVIII.

24
25 IT IS FURTHER ORDERED that copies of this Order may be
26 served by employees of the Federal Trade Commission or their

1 agents upon any financial or brokerage institution or any entity
2 that may be in possession of any assets, property or property
3 right of defendants.
4

5 XIX.

6
7 IT IS FURTHER ORDERED that plaintiff shall serve on defen-
8 dants copies of the summons, complaint, other papers and exhibits
9 filed by plaintiff with this Court and this Order on or before
10 November 4, 1988.
11

12 XX.

13
14 IT IS FURTHER ORDERED that each defendant notify plaintiff
15 of all sales of deferred delivery contracts for gold, silver or
16 precious metals transacted subsequent to the date of entry of
17 this Order, identifying each sale by the name, address and
18 telephone number of the purchaser, together with the date of
19 sale, purchase price, and type of contract sold.
20

21 XXI.

22
23 IT IS FURTHER ORDERED that pursuant to Section 604 of the
24 Fair Credit Reporting Act, 15 U.S.C. § 1681b, any consumer
25 reporting agency may furnish a consumer report concerning any
26 defendant to plaintiff or the temporary receiver.
27

28 21

2 There being no just reason for delay, the Clerk of the Court
3 is hereby directed to enter this Order.

4
5 Issued at 4:29 p.m.

6 October 31, 1988
7

MANUEL L. REAL
United States District Judge

8
9 Presented by:

10 Stephen Gurwitz
11 Stephen Gurwitz

12 Gregory Nicolaysen
13 Gregory Nicolaysen
14 Wendy Vickman

15 Attorneys for Plaintiff
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28

STATE AUDITOR'S OFFICE
SECURITIES DEPARTMENT
HELENA, MONTANA

IN THE MATTER OF:

PANNOS MINING COMPANY
2706 Harbor Blvd. #208
Costa Mesa, CA 92626

CHRIS PANNOS
MANAGING PARTNER
PANNOS MINING COMPANY
2706 Harbor Blvd. #208
Costa Mesa, CA 92626

VIRGIL L. BARKER, JR.
PROJECT MANAGER
PANNOS MINING COMPANY
2706 Harbor Blvd. #208
Costa Mesa, CA 92626

MATRIX GROUP
18092 Skypark South, Suite F
Irvine, CA 92714

KEVIN DILL representative
MATRIX GROUP
119 Agate Street
Balboa Isle, CA 92662

LIVINGSTON, WELLS & COMPANY, INC.
1348 Marinette Road
Pacific Palisades, CA 90272

ROBERT DALTON, Vice President
LIVINGSTON, WELLS & COMPANY, INC.
1348 Marinette Road
Pacific Palisades, CA 90272

and their agents
and representatives.

Respondents.

CASE NO. 05-24-88-19

CEASE & DESIST ORDER

1 The Montana Securities Commissioner, pursuant to the
2 authority of the Securities Act of Montana, § 30-10-101 et
3 seq., Montana Code Annotated (1987) [hereinafter cited as
4 MCA], hereby issues the following findings of fact,
5 conclusions of law, order, and notice of right to a public
6 hearing:

7
8 FINDINGS OF FACT
9

10 1. Sometime prior to the early part of May, 1988, an
11 Anaconda, Montana resident received an unsolicited telephone
12 call from respondent Kevin Dill (Dill), a sales
13 representative for Matrix Group (Matrix). Dill told the
14 Anaconda, Montana, resident that he could invest in gold.
15 For a minimum investment of \$10,000.00, he could purchase
16 gold at \$275.00 per ounce for deferred delivery in 6 to 7
17 months. He was told the deal could be bonded by paying an
18 additional 17%. For instance, if he invested \$10,000.00, he
19 could pay an additional \$1,700.00 to a bonding company which
20 would repay his initial investment of \$10,000.00 if for some
21 reason the investment were lost. The \$1,700.00 bonding fee
22 would be non-refundable.

23 2. Shortly thereafter, the Anaconda, Montana, resident
24 received offering materials in the mail from Dill concerning
25

1 Matrix and Pannos Mining Company (Pannos). The offering
2 materials were accompanied by a federal express receipt
3 signed by Dill. The offering materials were enclosed in a
4 folder from Matrix and included documents from Pannos. The
5 offering materials state that Pannos (1) has a proven reserve
6 in excess of 826 million dollars in recoverable metals, (2)
7 is currently processing 50 tons per day, and (3) will deliver
8 the gold or silver within twelve months of the effective date
9 of the agreement.

10 3. On September 12, 1988, a Helena, Montana man was
11 contacted by a woman who identified herself as Pat Roberts
12 with Livingston, Wells & Company Inc. (Livingston). She
13 asked the Helena man if he would be interested in a high
14 profit, low risk investment, specifically purchasing gold at
15 \$275.00 per ounce and silver for \$4.10 per ounce. When the
16 Helena resident inquired further, she said the Vice-President
17 had just gotten off the telephone. A man who identified
18 himself as Bob Dalton (Dalton) came on the line. Dalton said
19 he was a sales representative of Pannos. Dalton said Pannos
20 was offering gold and silver at discount prices to obtain the
21 funds to build a refining facility at the mine site. He
22 offered the Helena man gold at \$275.00 per ounce and silver
23 at \$4.10 per ounce. Dalton said Pannos would deliver the
24 gold and silver through a deferred delivery contract and the
25 gold would be delivered within 12 months. In addition,

00339

1 Dalton said a surety bond was included in the price of the
2 metal which would cover the investor's initial investment.
3 He said the bond had a 17% premium.

4 4. On September 14, 1988 the Helena man received a
5 brochure from Pannos with a cover letter signed by Robert
6 Dalton of Livingston, various articles, an offering brochure
7 from Pannos, a "Financial Guarantee Surety Bond", a cover
8 letter from Leonard Grassi Associates (Grassi) describing the
9 bond, a "Gold and Silver Delivery Agreement, and a "Bond
10 Application". On September 19, 1988, Dalton called the
11 Helena man back to discuss the offering and again offer him
12 the opportunity to buy gold from Pannos.

13 5. The records of the Montana Securities Department
14 reveal that Matrix, Dill, Pannos, Livingston, and Dalton are
15 not registered as broker-dealers or salesmen in Montana.

16 6. The records of the Montana Securities Department
17 reveal that respondents' commodity investment contract is not
18 registered as a security in Montana.

19 7. Security means "any . . . commodity investment
20 contract" § 30-10-103(19), MCA. Commodity
21 investment contracts means:

22 an account, agreement, or contract for the purchase or
23 sale, primarily for speculation or investment purposes
24 and not for use or consumption by the offeree or
25 purchaser, of one or more commodities, whether for

1 immediate or subsequent delivery or whether delivery is
2 intended by the parties, and whether characterized as a
3 cash contract, deferred shipment or deferred delivery
4 contract, forward contract, futures contract,
5 installment or margin contract, leverage contract, or
6 otherwise. Any commodity investment contract offered or
7 sold, in the absence of evidence to the contrary, is
8 presumed to be offered or sold for speculation or
9 investment purposes. . . .

10 § 30-10-103(8)(a), MCA.

11 a commodity investment contract does not include a
12 contract or agreement that requires, and under which the
13 purchaser receives, within 28 calendar days after the
14 payment in good funds of any portion of the purchase
15 price, physical delivery of the total amount of each
16 commodity to be purchased under the contract or
17 agreement. . . .

18 § 30-10-103(8)(b), MCA.

19 "Commodity" means "any metal or mineral, including a
20 precious metal, or any gem or gem stone, whether
21 characterized as precious, semiprecious, or
22 otherwise"

23 § 30-10-103(5)(a)(ii), MCA.

24 8. Offer or offer to sell includes "every attempt or
25 offer to dispose of or solicitation of an offer to buy a

1 security or interest in a security for value."

2 § 30-10-103(17)(b), MCA.

3 9. In connection with the above offers to a person in
4 Montana, respondents omitted to disclose:

5 a) the names and experience of the officers and
6 directors of Pannos;

7 b) current financial statements of Pannos;

8 c) the experience of Pannos in mining ventures;

9 d) the relationship between Matrix and Pannos and
10 Livingston and Pannos;

11 e) the Montana Securities Department had issued a cease
12 and desist order against Matrix Group (under the name Matrex
13 Group) of 18092 Skypark South Suite F, Irvine, CA 92714 on
14 September 6, 1987 for violations of the Securities Act of
15 Montana.

16
17 CONCLUSIONS OF LAW
18

19 1. The Montana Securities Commissioner has jurisdiction
20 over this matter by reason of respondents' offer of
21 securities to a person in Montana.

22 2. Respondents' commodity investment contracts are
23 securities within the meaning of the Securities Act of
24 Montana.

25 3. Respondents violated § 30-10-202, MCA, by offering

1 unregistered securities in the form of a commodity investment
2 contract to a person in Montana.

3 4. Respondents violated § 30-10-201, MCA, by failing to
4 register in Montana as broker-dealers or salesmen.

5 5. In connection with the above offers to a person in
6 Montana, respondents violated § 30-10-301(1)(b), MCA, by
7 omitting to disclose the following material facts which facts
8 were necessary to disclose in order to make the statements
9 made about the investment, in light of the circumstances
10 under which they were made, not misleading:

11 a) the names and experience of all officers and
12 directors of Pannos;

13 b) current financial statements of Pannos;

14 c) the experience of Pannos in mining ventures;

15 d) the relationship between Matrix and Pannos and
16 Livingston and Pannos;

17 e) the Montana Securities Department had issued a cease
18 and desist order against Matrix Group (under the name Matrex
19 Group) of 18092 Skypark South Suite F, Irvine, CA 92714 on
20 September 6, 1987 for violations of the Securities Act of
21 Montana.

ORDER

Respondents are hereby ordered to cease and desist issuing, offering, and selling securities to persons in violation of the Securities Act of Montana.

The above-cited violations, if proven, are sufficient grounds for the imposition of an administrative fine against Respondents pursuant to § 30-10-305, MCA.

Section 30-10-306(1), MCA, provides that any willful violation of this Order, upon conviction, may be punished by imprisonment for not more than ten (10) years and/or a fine not exceeding five thousand dollars (\$5,000.00).

NOTICE


Respondents are notified that this order has been issued by the Commissioner. If Respondents wish to contest the allegations herein, they shall make a written request for a hearing to this office within fifteen (15) days of receipt of this order. The hearing shall then be held within thirty (30) days of the Commissioner's receipt of the hearing request, unless the time is extended by agreement of the parties. If no hearing is requested within fifteen (15) days of receipt of this order by Respondents, and none is ordered by the Commissioner, this order shall become permanent.

00339

1 Should you request a hearing, you have the right to be
2 accompanied, represented and advised by counsel. If the
3 counsel you choose has not been admitted to practice law in
4 the State of Montana, he or she must comply with the
5 requirements of Application of American Smelting and Refining
6 Co., 164 Mont. 139, 520 P.2d 103 (1973). Failure to appear
7 at this administrative hearing, should you request one, will
8 result in the imposition of the following penalty on the date
9 of the hearing:

10 Imposition of an final cease and desist order against
11 Pannos, Chris Pannos, Virgil Barker, Jr., Matrix, Dill
12 Livingston, and Dalton.

13 DATED this 26th day of September, 1988.

14
15 
16 Andrea "Andy" Bennett
17 State Auditor and
18 Commissioner of Securities

19 KO/vf(1208)
20
21
22
23
24
25

CERTIFICATE OF SERVICE

I hereby certify that I mailed a true and correct copy of the foregoing CEASE AND DESIST ORDER to the following persons by depositing the same in the U.S. Mail certified return receipt requested on this 26th day of September, 1988.

TO:

PANNOS MINING COMPANY
2706 Harbor Blvd. #208
Costa Mesa, CA 92626

CHRIS PANNOS
MANAGING PARTNER
PANNOS MINING COMPANY
2706 Harbor Blvd. #208
Costa Mesa, CA 92626

VIRGIL L. BARKER, JR.
PROJECT MANAGER
PANNOS MINING COMPANY
2706 Harbor Blvd. #208
Costa Mesa, CA 92626


Valerie Hansaas
State Auditor's Office

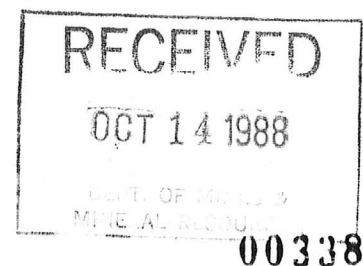
PANNOS MINING Co. (File)

CERTIFICATE OF ATTESTATION AND AUTHENTICATION

I, ANDREA "ANDY" BENNETT, Montana State Auditor and Commissioner of Securities, hereby certify that I have examined the attached copy, and it is a true, accurate and correct copy of the original Cease and Desist Order entitled IN THE MATTER OF PANNOS MINING COMPANY et al, dated September 26, 1988, which is on file in my office, the Montana Securities Department, Helena, Montana. The original record is in the legal custody of the office.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name this 4th day of October, 1988.


(Signature)



00338

PRIVATE Surface
Fed. Minerals

BLM, PHOENIX DIST. OFF.
PHOENIX, ARIZONA

AUG 12 1988

AM 7:18, 9:10, 11:12, 1:23, 4:56 PM

Sample format for "Notice" information - submitted in compliance with 43 CFR. 3809.1-3.

INSTRUCTIONS FOR OPERATORS; Please complete in as much detail as possible. Additional sheets can be used, if necessary. Complete information should be furnished to the District Manager of the Bureau of Land Management office having jurisdiction over the land in which your operations are (will be) located, at least 15 calendar days prior to commencing operations.

1. Name and mailing address of claimant and operator (if other than claimant):

Pannos Mining
3430 East Flamingo # 103
Las Vegas, NV 89121

2. (When applicable) Name of mining claim(s) and serial numbers assigned when you recorded your claim with BLM:

Mush # 79 AMC #259356
Located in NE 1/4, Section 35, T4N, R6W.

3. Describe the activities proposed and approximate date of start up (including description and location of access to be construction, type of equipment to be used). Use sufficient detail to be able to locate activities on the ground. A map be used along with this description.

Proposed activities consist of mining, processing, and testing. Start-up will be as soon as possible after August 15, 1988. Additional information is included in attached pages including map.

4. Will topsoil be saved, the land reshaped after disturbance, measures taken to control water runoff and erosion, toxic substances be properly disposed of, and will vegetation and wildlife habitat be rehabilitated ?

Yes, Operations will be done in compliance with BLM and pertinent state agencies.

RECEIVED

SEP 09 1988

DEPT. OF INDIAN AFFAIRS
NATIONAL RESOURCES

ATTACHMENT TO NOTICE FORM

SUBJECT; NOTICE of proposed operations under subpart 3809.13
Title 43 of the Code of Federal Regulations.

TO; DOI, Bureau of Land Management
Phoenix District Office
2015 W. Deer Valley Road
Phoenix, AZ 85027

FROM: PANNOS MINING
3430 E. Flamingo # 103
Las Vegas, NV 89121

Pannos Mining , owner and operator, proposes to test the equipment, process, and procedures that may be used in subsequent surface mining and processing of local gold-bearing placer materials; concurrently, the local five-acre area will be mined and processed and batch assays will be made and economic viability of other claims will be determined.

Under this notice, area of disturbance will be five acres or less during any calendar year. Location of the operational-- site is in the NE1/4, Sec. 35, T4N, R6W, as shown on the attached map (USGS 15' Belmont Mts. Quadrangle). Access to the site from the county -maintained road between Wickenburg and Interstate-10, will be westerly along an existing trail through section 36. Distance from the road to the site is 0.3 miles.

Ore consisting of alluvial sand, silt, gravel with some caliche cementation will be removed to depths of approximately 15 feet.

Equipment will include: tanks, screening equipment, pulverizer, loader, dozer, and trailer. All equipment units are on skids, wheels, or treads and therefore are portable and temporarily located. If appropriate, they can be moved to minimize operational travel, including road disturbance.

Precautionary and mitigating measures will be taken to minimize environmental impacts. Because of the nearly flat topography, minimal surface disturbance will be required in preparing and maintaining access road. Several small washes will be crossed without disturbance of their ephemeral flow. in general, near- surface materials are unconsolidated and relatively amenable to restoration to original contours.

Processing will be done in closed tanks, at Pannos


Mining's test plant near Searchlight, Nevada and on site, with no liquid discharged to the outside. Tailings will be treated and neutralized by chlorination prior to release.

During this proposed operation, the Pannos Mining will use reasonable means to prevent unnecessary or undue degradation and to mitigate any degradations that might result.

Check If:

 Construction of access will involve cuts of three feet or more on the inside edge.

I hereby declare that I, or persons I have authorized to do so, will complete reclamation of all disturbed sites during the course of my operations to the standards described in CFR 3809.1-3 (b) (4) and that all reasonable of the Federal lands during operations.

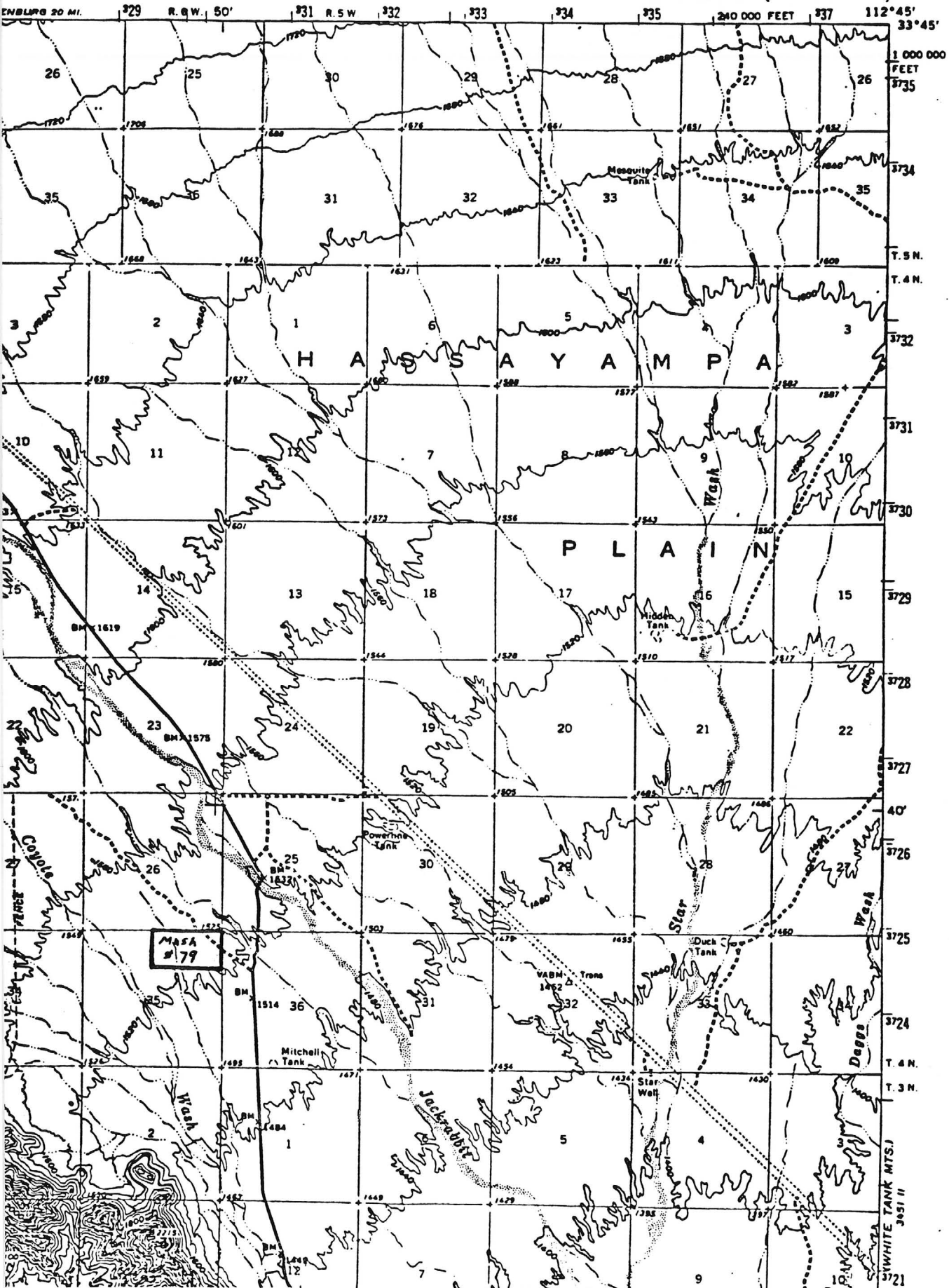

Signature of Claimant of
Operator

8-10-28
Date

Attachments

BELMONT MTS. QUADRANGLE
ARIZONA-MARICOPA CO.
15 MINUTE SERIES (TOPOGRAPHIC)

2481 1 SW
WICKENBURG SW
1:24 000



MUSH #75

L-11

REPORT DATE: JUL 26, 1988
ADMIN STATE: ARIZONAUNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTPAGE NO: 7665
PCN: LT893PP1CLAIM NAME/NUMBER INDEX
ALL CLAIMS

CLAIM NAME/NUMBER	SERIAL NO.	CLAIMANT(S)	SEC	TOWNSHIP	RANGE	SEC	SUBDV	LOCATION DATE	CASE CLOSED
MUSH #75	259352*	FRANK LEWIS	14	4 N	6 W	35	SW	5/30/1986	
MUSH #76	259353*	FLETCHER E C YOST COYD PANNOS JAMES PANNOS CHRISTOPHER REES RAY					SW	5/30/1986	
MUSH #77	259354*	FRANK LEWIS FLETCHER E C YOST COYD PANNOS JAMES PANNOS CHRISTOPHER REES RAY					NW	5/30/1986	
MUSH #78	259355*	FRANK LEWIS FLETCHER E C YOST COYD PANNOS JAMES PANNOS CHRISTOPHER REES RAY					NW	5/30/1986	
MUSH #79	259356*	FRANK LEWIS FLETCHER E C YOST COYD PANNOS JAMES PANNOS CHRISTOPHER REES RAY					NE	5/30/1986	
MUSH #80	259357*	FRANK LEWIS FLETCHER E C YOST COYD PANNOS JAMES PANNOS CHRISTOPHER REES RAY					NE	5/30/1986	
MUSH #81	259358*	FRANK LEWIS FLETCHER E C YOST COYD PANNOS JAMES PANNOS CHRISTOPHER REES RAY					SE	5/30/1986	
MUSH #82	259359*	FRANK LEWIS FLETCHER E C YOST COYD PANNOS JAMES PANNOS CHRISTOPHER REES RAY					SE	5/30/1986	
MUSH #83	259360*	FRANK LEWIS FLETCHER E C	34	NE				5/31/1986	

* * DISCLOSURE * * ALL INFORMATION RECEIVED IN THIS OFFICE MAY NOT YET BE LISTED ON THIS REPORT. NAMES AND ADDRESSES ARE ENTERED AS THEY APPEAR ON THE LOCATION NOTICE OR ARE ABBREVIATED TO FIT LIMITED SPACE; THEREFORE THEY MAY NOT APPEAR IN THE EXPECTED SEQUENCE.
* AFTER S/N INDICATES LAND STATUS CHECKED.

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13-1

MEMORANDUM

FROM: Ken A. Phillips, Chief Engineer

SUBJECT: Summary of visits and information on the Pannos Mine also known as the vulture project #1, Maricopa County, Arizona

DATE: August 17, 1988

REFERENCE FILES: ADMMR Pannos Mine (file) and Pannos Mining Company (file)

The Pannos Mining Company and subsequently the Pannos Mine or Vulture Project #1 (Pannos) came to the attention of the Arizona Department of Mines and Mineral Resources and myself during the week of April 22, 1988 when I received a telephone call inquiring about an operation or company known as Pannos Mining. That call eventually became entered into a file known as Pannos Mining Company as follows:

KAP WR 4/22/88: Received a rumor that an operation or company known as Pannos Mining is purportedly trying to sell gold (presumably still as ore) for \$275 per ounce from an area south of the Vulture Mine in Maricopa County.

No attempt was made to obtain names and addresses of such inquiries. Subsequently additional calls were received asking about Pannos.

During the week of May 20, 1988 a call was received from the Montana Securities Commission regarding Pannos and was noted in the Pannos Mining Company file as follows:

KAP WR 5/20/88: Leon Bellville, Investigator, Montana Securities Commission, phone (406) 444-2040 called to find out if Pannos Mining was in production. To our knowledge they are not.

During the week ending May 27, 1988, Nyal Niemuth, Mining Engineer, Arizona Department of Mines and Mineral Resources, received a copy of Pannos' sales brochure from an individual who contacted the Department regarding investing in the operation. It was written into Pannos Mining Company file as follows:

NJN WR 5/27/88: Received a copy of Pannos Mining Company's sales brochure and literature. The company identified 2 properties in their literature located in T3N R5W Secs 1, 6, 7, 8 and T4N R6W Secs 34, 35. Claim names for these groups are the Sunray and Mush. The company's address is 2706 Harbor Blvd., Costa Mesa, California 92626, (714) 751-4653. The prospectus offers investors the opportunity to prepurchase gold at \$335 and silver at \$4.25 for delivery within 1 year of date of purchase. The contract, however, allows any delays the company experiences to be passed along to the purchaser with no time limit. A copy has been sent to the Attorney General's Office.

B-2

Summary of Pannos Mine
Page 2

In the same week I made a reconnaissance attempt along the Tonopah-Vulture Mine road to find their purported operation. It was not found.

On June 7, 1988 considerable effort was made to find the site of the Pannos operation. The following entry in the Pannos Mine file was made.

KAP WR 6/10/88: Numerous attempts were made to find access to the sites where Pannos Mining Corporation (Pannos Mine - file, Maricopa County) is purported to be mining and shipping 50 tons of placer ore per day and constructing a 1000 ton per day processing plant along the Vulture Mine-Belmont Mountains road, specifically in Secs 34 & 35, T4N R6W and Secs 5, 6, 7, and 8, T3N R5W. Recent placer sampling work appears to have been done in the west half of Sec 35, T4N R6W within the last few weeks. Evidence includes a number of shallow pits excavated by a rubber tired loader and the loader parked on site. I estimate the loader has not been moved for a couple of weeks. Photographs were taken of part of the site in Section 35 for the file.

On June 21, 1988 in the company of Kathleen Shane and Jim Neilson of the Securities Division of the Arizona Corporation Commission a portion of Section 35, T4N R6W was visited and samples were taken from the walls of four tests pits. A separate report of that sampling effort is attached. The rubber tired loader seen on June 7, 1988 was no longer on the property. The samples were sent to the U.S. Bureau of Mines for analysis on June 29, 1988. The results were reported by the U.S. Bureau of Mines on July 19, 1988. Their report was that they found no gold or silver within the limits of detection by the Bureau (0.005 tr oz Au/ton and 0.1 tr oz Ag/ton)

On the morning of July 8, 1988 in the company of Dick Beard, Mining Engineer, Arizona Department of Mines and Mineral Resources and Jim Neilson an aerial reconnaissance visit was made of the area of the Pannos Mine. No activity or equipment was seen. Photographs were taken from the airplane.

On the morning of August 16, 1988 I visited the Section 35, T4N R6W site of the Pannos Mine. A rubber tired backhoe-skip loader was parked at the same spot as the loader noted on June 7, 1988 had been. It does not appear to have been used since being unloaded. While at the property, a truck driver from Geor Jo Excavating of Wickenburg delivered the loader previously noted on June 7, 1988 back to the property. The truck driver reported that the backhoe-loader had been brought to the property about 3 weeks earlier. He said both pieces of equipment had been trucked in from Nevada and that trucking service was Geor Jo's only involvement with Pannos.

At no time during any of the above visits was any production noted, nor was there any indication of past production, or processing plant construction.

On the morning of September 1, 1988 in the company of Kathleen Shane and Jim Neilson of the Securities Division of the Arizona Corporation Commission a portion of Section 35, T4N R6W was visited. We met with Jack Wright who was running a crew of three men who were operating a gravel screening plant. Mr.

Summary of Pannos Mine
Page 3

Wright explained that they were working for Pannos Mining and were collecting samples to be sent to a laboratory for testing. The work consisted of loading dirt into the screening plant with a front end loader. The screening plant produces three products; a minus 2mm fraction, a plus 2mm - $\frac{1}{2}$ inch fraction and a plus $\frac{1}{2}$ inch fraction. A few pounds of the minus 2mm fraction were packaged by Mr. Wright for delivery to a laboratory. He also offered samples to me which I accepted and said we would have them analyzed by the USBM and would let him know the results. Mr. Wright also stated that the work he was doing was just sampling but it might also be called mining, that it all depended on one's perspective. He also explained that Pannos did not own the surface of the ground, just the mineral rights, but that Pannos had a contract with the Douglas Company (sic) who are the surface owners. Splits of the samples were sent to the USBM for assay on September 22, 1988.



STATE OF ARIZONA

DEPARTMENT OF MINES AND MINERAL RESOURCES

Mineral Building • State Fairgrounds • Phoenix, Arizona 85007

(602) 255-3791

September 26, 1988

Mike Jacobs
Jacobs Assay Office
1435 S. 10th Avenue
Tucson, AZ 85713

Dear Mike,

Here are the two samples for cyanide bottle leach tests as I mentioned this morning.

Each consists of dirt, soil and sand from the surface to 5 feet deep which has been screened to -2mm. It is purported that fire assay will not show any gold, but if the material is roasted for 30 minutes at 800°F, they will yield 0.35 tr. oz. Au/ton a 0.1% cyanide solution at a PH of 10-11.????

Anyway, I would appreciate your running your bottle cyanide recovery test on the samples.

Please bill the Department at our Phoenix address.

Sincerely,

Ken A. Phillips
Chief Engineer

KAP:ss



STATE OF ARIZONA

Pannos Mine (file)

DEPARTMENT OF MINES AND MINERAL RESOURCES

Mineral Building • State Fairgrounds • Phoenix, Arizona 85007

(602) 255-3791

September 26, 1988

Ken Broadhead
U.S. Bureau of Mines
1605 Evans Avenue
Reno, Nevada 89512

Dear Ken,

In a separate package I have sent you samples of two more splits from the Pannos Mine in Sec. 35, T. 4N., R. 6W. which I hope you would be willing to analyze for gold and silver content.

These samples were provided by a Pannos employee. They are taken from the minus 2mm fraction from a screening plant he was operating at the site. I cannot verify the source of the material but I did observe the screening plant produce the fractions and I collected the samples.

I am aware of the reputation of P M Labs. The story is that the Pannos "ore" will not fire assay, but will respond to cyanide leaching. Although I am not an expert, I've seen the converse, but all other things being equal, I would doubt that a mineral combination would yield gold to cyanide, but that gold not report in a fire assay.

The two samples are as follows:

No. 28041 Described as top soil. The minus 2mm fraction from a screening plant. This portion is purportedly supposed to contain the gold. It also purportedly is confined to the top few inches of the area.

No. 28042 Described as shale by Pannos people. Also a minus 2mm fraction from a screening plant. This portion is purportedly supposed to contain only a little gold. It purportedly represents the remainder of the deposit to a depth of approximately 5 to 8 feet.

As always, thank you for yours and the Bureau's help.

Sincerely,

Ken A. Phillips
Chief Engineer

KAP:ss

MINE: Pannos Mine
COUNTY: Maricopa
ADMMR FILE: Pannos Mine

ENGINEER: Ken A. Phillips
DATE: June 21, 1988

SUBJECT: Samples

In the company of Kathleen Shane, Investigator and Jim Neilson, Staff Attorney of the Securities Division of the Arizona Corporation Commission a visit was made to the Pannos Mine for the purpose of obtaining samples from some of the sample pits. Five samples were obtained. A description of the samples, methods and locations are contained in this report.

The Pannos site in Sec 35, T.4N., R.6W. consists of poorly consolidated to unconsolidated soils and sediments cut in a northwest - southeast direction by shallow dry washes. No rocks outcrop within the section.

Recent work consists of numerous (30-50) shallow cuts in the soils to a depth of 5 to 10 feet. The walls of these cuts expose the soils which exhibit some alluvial sorting. All samples were of the soils and sediments exposed in the walls of the pits. Polaroid photographs were taken of each sample site.

TABLE OF SAMPLE DATA

Pit Number (on stake)	ADMMR Sample #	Pit Dimensions	Direction of pit excavation	Sample Length	Sample Location	Assay Tr oz /ton
C1 80-3	28036	64 x 17 x 8 ^{50'}	N - S	8.'	E wall	
C1 79-1	28037	53 x 17.5 x 6 ^{32'}	NW-SE	6.'	SW wall	
C1 79-4	28038	54 x 18 x 8 ^{45'}	NW-SE	8.'		
C1 80-7	28039	60 x 15 x 8 ^{44'}	S - N	7.5'		
C1 80-7	28040	(bottom 2. feet of above sample - sand only)				

All samples were divided using a Jones splitter into a 1-2 pound split which was sent to U.S. Bureau of Mine research center in Reno Nevada. The splits were to be initially analyzed using fire assay with additional analysis to be done on any samples reporting gold or silver.



STATE OF ARIZONA

DEPARTMENT OF MINES AND MINERAL RESOURCES

Mineral Building • State Fairgrounds • Phoenix, Arizona 85007
(602) 255-3791

June 29, 1988

Ken Broadhead
U.S. Bureau of Mines
1605 Evans Avenue
Reno, NV 89512

Dear Ken,

In a separate package I have sent you splits from five placer samples taken from the walls of pits on a property known as the Pannos Mine in Sec. 35, T4N, R6W. I'll keep the remainder of the samples in case further work is necessary.

It is the subject of a securities sales effort which purports to be forward selling gold for delivery in one year from production from their "Vulture Project #1" located about 10 miles south of the Vulture Mine in western Maricopa County. It has nothing to do with new legitimate activity at the Vulture Mine by A.F. Budge and DMEA Ltd.

I have enclosed copies of three pages from their offering which appear to be their technical data.

As always, thank you very much for yours and the Bureau's help.

Sincerely,

Ken A. Phillips
Chief Engineer

KAP:ss

xc: Inside box to be shipped

MINE: Pannos Mine
COUNTY: Maricopa
ADMMR FILE: Pannos Mine

ENGINEER: Ken A. Phillips
DATE: June 21, 1988

SUBJECT: Samples

In the company of Kathleen Shane, Investigator and Jim Neilson, Staff Attorney of the Securities Division of the Arizona Corporation Commission a visit was made to the Pannos Mine for the purpose of obtaining samples from some of the sample pits. Five samples were obtained. A description of the samples, methods and locations are contained in this report.

The Pannos site in Sec 35, T.4N., R.6W. consists of poorly consolidated to unconsolidated soils and sediments cut in a northwest - southeast direction by shallow dry washes. No rocks outcrop within the section.

Recent work consists of numerous (30-50) shallow cuts in the soils to a depth of 5 to 10 feet. The walls of these cuts expose the soils which exhibit some alluvial sorting. All samples were of the soils and sediments exposed in the walls of the pits. Polaroid photographs were taken of each sample site.

TABLE OF SAMPLE DATA

Pit Number (on stake)	ADMMR Sample #	Pit Dimensions	Direction of pit excavation	Sample Length	Sample Location	Assay Tr oz Au(Ag) /ton
C1 80-3	28036	64 x 17 x 8	N - S	8.'	E wall	N.D.
C1 79-1	28037	53 x 17.5 x 6	NW-SE	6.'	SW wall	N.D.
C1 79-4	28038	54 x 18 x 8	NW-SE	8.'	SW wall	N.D.
C1 80-7	28039	60 x 15 x 8	S - N	7.5'	W wall	N.D.
C1 80-7	28040	(bottom 2. feet of above sample - sand only)				

N.D. = none detected

All samples were divided using a Jones splitter into a 1-2 pound split which was sent to U.S. Bureau of Mine research center in Reno Nevada. The splits were to be initially analyzed using fire assay with additional analysis to be done on any samples reporting gold or silver.



United States Department of the Interior

PANNOS MINE (File)

BUREAU OF MINES

RENO RESEARCH CENTER

1605 EVANS AVENUE
RENO, NEVADA 89512-2295

July 19, 1988

Ken Phillips
Department of Mines and Mineral Resources
415 West Congress, Suite 190
Tucson, AZ 85701


Dear Ken,

We have completed the analyses on the five "Pannos Mine" samples you submitted June 29, 1988. The enclosed results indicate no gold or silver, less than 0.005 and 0.1 oz/ton of gold and silver, respectively. Incidentally, the name PM labs has surfaced before as being suspect of creative chemistry.

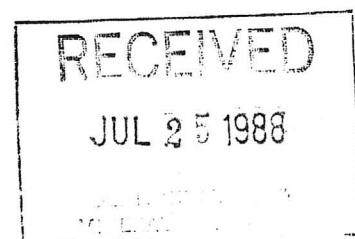
These analyses are based on the sample as received. The Federal Bureau of Mines claims no knowledge of the geographic source, type of deposit, method of sampling, or means of sample preparation.

If you have any questions please give me a call at
(702) 784-5391.

Sincerely,


Kenneth G. Broadhead

Enclosure(s)

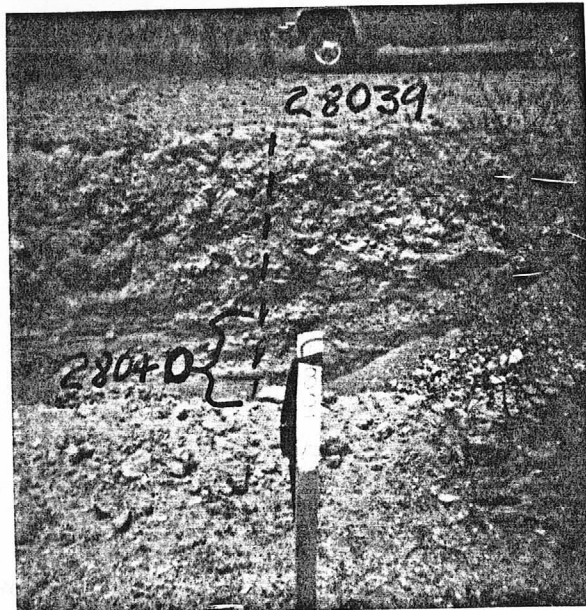


ADMMR* 28037



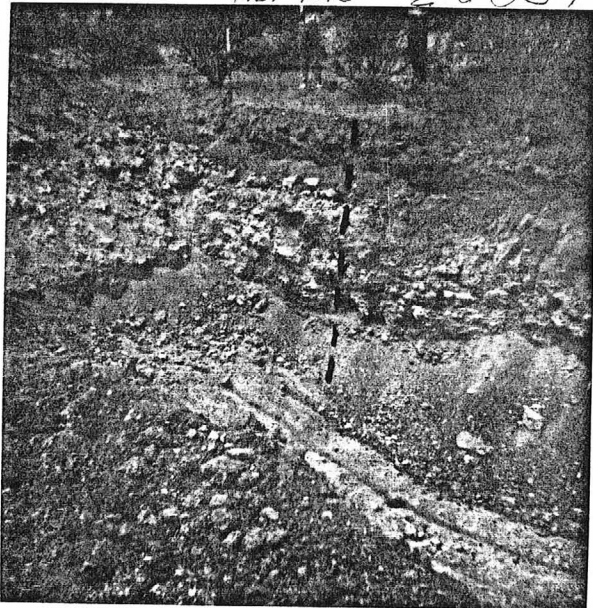
Pannos Mine Pit in Sec 35,
T4N, R6W

28039



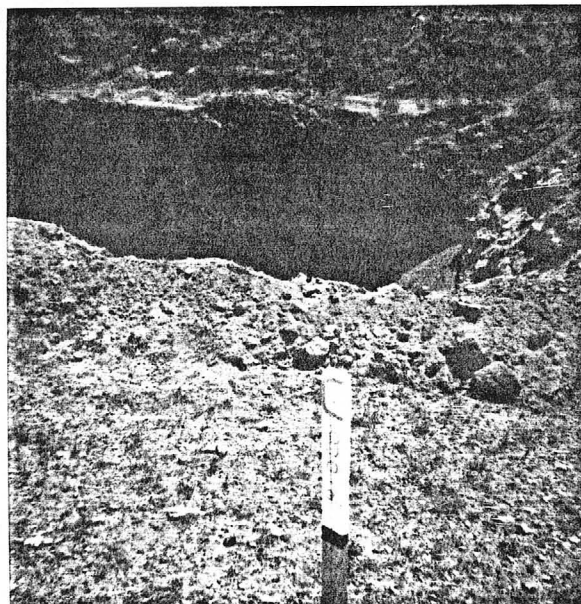
PANNOS PIT Sec 35
T4N, R6W

ADMMR 28039



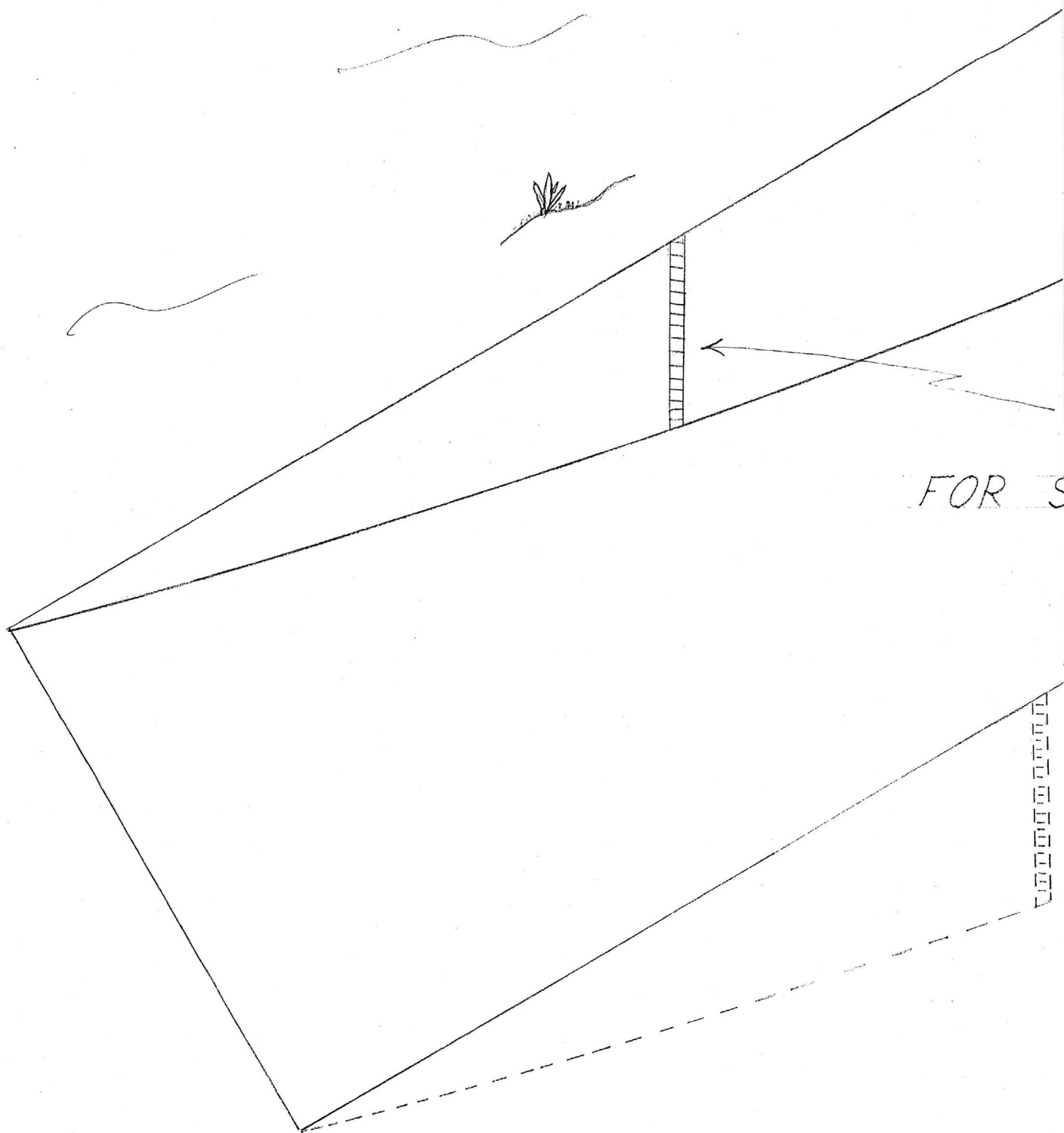
PANNOS MINE
SEC 35,
T4N, R6W

SAMPLE

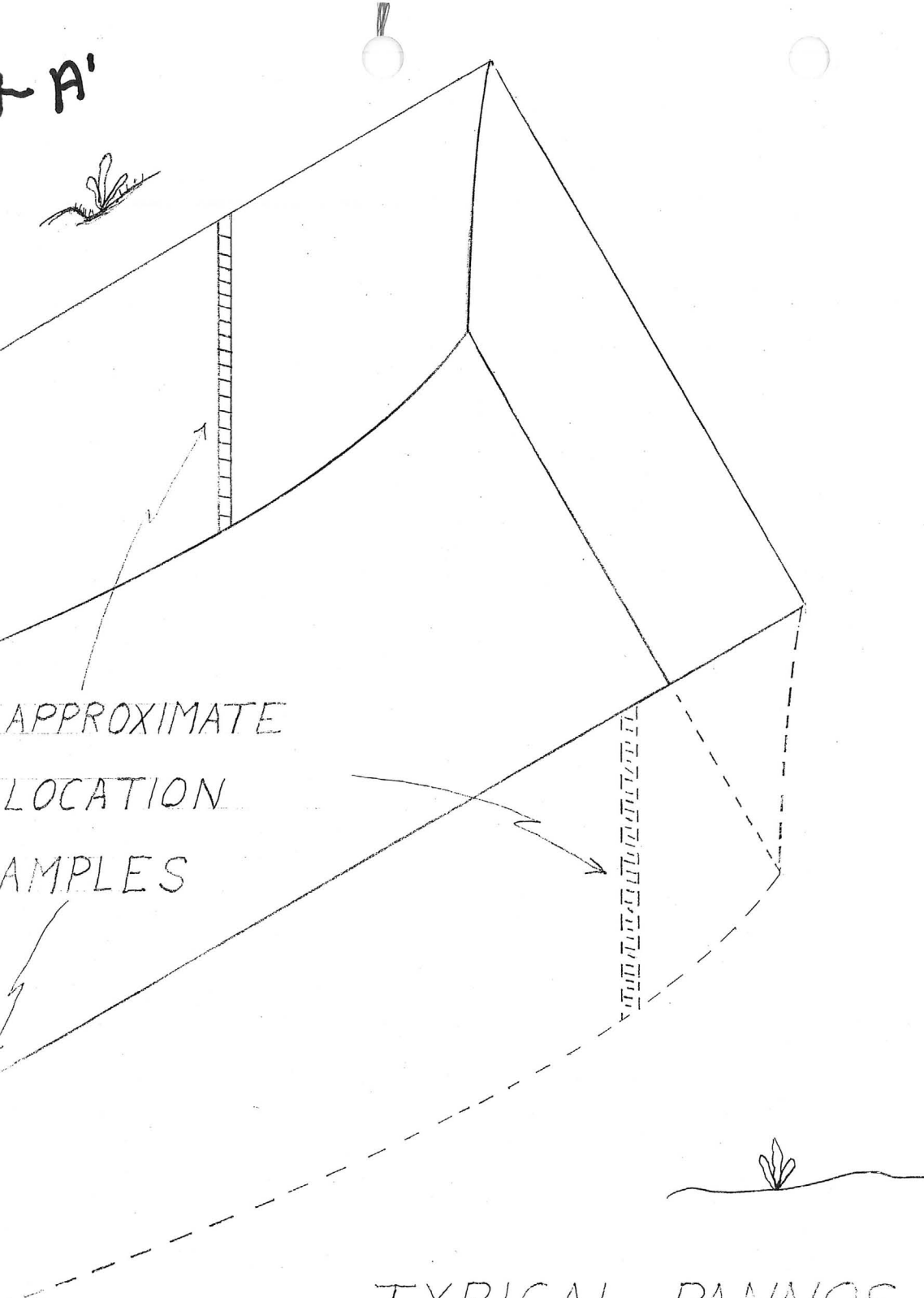


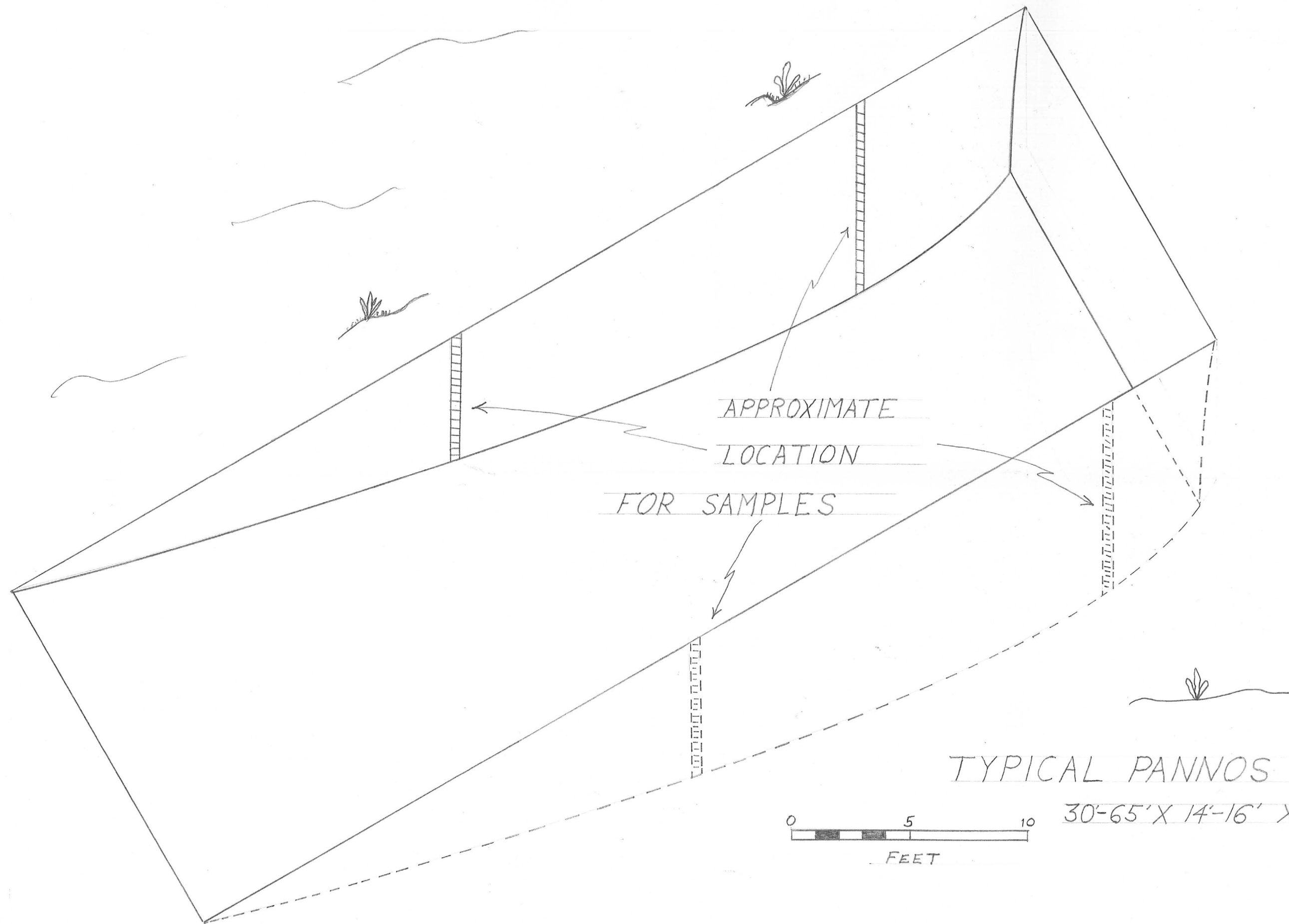
Pannos Pit in Sec 35,
T4N, R6W

A-1



FOR S





APPROXIMATE
LOCATION
FOR SAMPLES

TYPICAL PANNOS TEST PIT

30-65' X 14'-16' X 6'-8' DEEP

