

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 CARL J. KUNASEK

Chairman

3 JIM IRVIN

Commissioner

4 WILLIAM A. MUNDELL

Commissioner

5 In the matter of)

6 M.G. NATURAL RESOURCES, INC. fka)

7 MARIAH INTERNATIONAL, GUILDMARK)

INDUSTRIES and M.G. GOLD, cka XENOLIX)

8 TECHNOLOGIES, INC.)

34 Maple St.)

9 Summit, NJ 07901)

10 MERLE AMUNDSON)

427 East Amber Ridge Way)

11 Phoenix, AZ 85048)

12 JEANNE AMUNDSON)

427 East Amber Ridge Way)

13 Phoenix, AZ 85048,)

14 Respondents.)

DOCKET NO. S-03356A-00-0000

DECISION NO. _____

ORDER TO CEASE & DESIST, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME BY RESPONDENTS MERLE AMUNDSON AND JEANNE AMUNDSON

15 I.

16 MERLE AMUNDSON and JEANNE AMUNDSON elect to permanently waive their right to a
17 hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801, *et seq.*
18 (“Act”) with respect to this Order (“Order”); admit the jurisdiction of the Arizona Corporation
19 Commission (“Commission”); neither admit nor deny the Findings of Fact and Conclusions of Law
20 contained in this Order; and consent to entry of this Order by the Commission.

21 I.

22 **FINDINGS OF FACT**

23 1. M.G. Natural Resources Corporation. fka Mariah International, Guildmark Industries and
24 M.G. Gold Corporation cka Xenolix Technologies, Inc. (“M.G. Gold”), whose last known business

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1 address is 34 Maple St., Summit, NJ 07901. On or about January 13, 1997, Mariah International and
2 Guildmark Industries were merged to form M.G. Gold. M.G. Gold subsequently changed its name to
3 M.G. Natural Resources Corporation on November 18, 1998. M.G. Natural Resources Corporation
4 subsequently changed its name to Xenolix Technologies, Inc. on June 16, 2000.

5 2. MERLE AMUNDSON (“M. AMUNDSON”), whose last known residence address is 427
6 East Amber Ridge Way, Phoenix, AZ 85048 was the chief operating officer and director of M.G. Gold
7 from on or about January 13, 1997 until September of 1998. From September of 1998 through October
8 of 1999, M. AMUNDSON held to offices of president, chief executive officer and director of M.G.
9 Gold.

10 3. JEANNE AMUNDSON (“J. AMUNDSON”), whose last known residence address is 427
11 East Amber Ridge Way, Phoenix, AZ 85048, was corporate secretary/treasurer of M.G. Gold from
12 January of 1997 through October of 1999. In addition, from September of 1998 through October of
13 1999 J. AMUNDSON was a director of M.G. Gold.

14 4. M.G. Gold was incorporated in Nevada on August 26, 1996. M.G. Gold was the successor
15 company from a merger between Mariah International, a Utah corporation and Guildmark Industries, a
16 Delaware corporation.

17 5. M.G. Gold then changed its name to M.G. Natural Resources Corporation on November 18,
18 1998. On June 16, 2000, M.G. Natural Resources Corporation changed its name to Xenolix
19 Technologies, Inc.

20 6. M.G. Gold has been attempting to develop technology that would allow for the economical
21 identification and recovery of precious metals from scoria, volcanic cinders or other media purported to
22 contain precious metals. M.G. Gold also owns approximately 413 acres of land located near Flagstaff,
23 Arizona. Situated on this land is volcanic cinder cone. In addition, M.G. Gold owns an ore processing
24 plant near Winslow, Arizona.

25 7. On or about April 1, 1997, M.G. Gold, directly or indirectly through M. AMUNDSON and
26 J. AMUNDSON and others offered and sold stock in M.G. Gold to 71 investors raising approximately

1 \$750,000. This offering was made in reliance upon an exemption from state and federal securities
2 registration requirements. However, the offering was made to offerees and investors that were outside
3 the parameters of the exemption. Little or no disclosures were provided to the investors prior to their
4 investment.

5 8. In about April of 1997, M.G. Gold, directly or indirectly through M. AMUNDSON and J.
6 AMUNDSON, learned that the exemption relied upon in connection with the offering reference in
7 paragraph 7 above was invalid or otherwise ineffective. Accordingly, M.G. Gold offered rescission to
8 the 71 investors in the April 1, 1997 offering. Approximately 18 investors requested a refund totaling
9 approximately \$250,000. The remaining investors chose to keep their stock in M.G. Gold. The
10 investors were not provided a disclosure document explaining the reasons for the rescission.

11 9. On or about March 16, 1998, M.G. Gold, directly or indirectly through M. AMUNDSON
12 and J. AMUNDSON and others offered one million shares of stock in M.G. Gold to a number of
13 offerees. No sales of the stock were made. No offering documents were provided to the offerees. The
14 offering was withdrawn when M.G. Gold learned that the use to which the monies were to be applied
15 (*i.e.* development of another mine property) was no longer viable.

16 10. On or about December 9, 1998, M.G. Gold, directly or indirectly through M. AMUNDSON
17 and J. AMUNDSON and others offered and sold stock to at least 42 investors. M.G. Gold raised
18 \$995,000 on this offering. Although the offering documents represented that only accredited investors
19 were able to invest, there were a number of unaccredited investors who purchased stock through this
20 offering. This offering was made in reliance upon an exemption from federal securities registration
21 requirements. There was no Arizona exemption. The offering was made to offerees and investors that
22 were outside the parameters of the exemption.

23 11. None of the above referenced offerings were registered at the Division or the Securities and
24 Exchange Commission.

25 12. M. AMUNDSON and J. AMUNDSON are not registered securities salesmen or dealers.
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1 13. In connection with the offerings referenced in paragraphs 9 and 10 above, M.G. Gold,
 2 directly or indirectly through M. AMUNDSON and J. AMUNDSON failed to disclose that at the time
 3 the above referenced offerings were made, there was a pending lawsuit filed against M.G. Gold. The
 4 lawsuit alleges that a former insider of the company who claims to hold promissory notes in the amount
 5 of approximately \$250,000 is requesting M.G. Gold to honor the notes. The lawsuit is still pending.

6 14. In connection with the offerees and sales of securities reference in paragraphs 7, 8 and 9
 7 above, M.G. Gold, directly or indirectly through M. AMUNDSON and J. AMUNDSON failed to
 8 provide adequate disclosure information to the offerees and investors to allow them to make an
 9 informed investment decision at the time investors invested.

10 15. In connection with the December 1998 offer and sale of securities referenced in paragraph
 11 10, M.G. Gold, directly or indirectly through M. AMUNDSON and J. AMUNDSON failed to disclose
 12 to offerees and investors that the technology upon which the company’s future depends has been in
 13 development for over 20 years by Alvin C. Johnson, PhD., director and vice president of Technology,
 14 Research and Development of M.G. Gold, and that it has yet to prove commercially viable.

15 16. M.G. Gold, directly or indirectly through M. AMUNDSON and J. AMUNDSON issued
 16 press releases on a regular basis starting from about the beginning of 1997 and continuing through
 17 November of 1999. Some of the press releases or represented or otherwise gave the impression that
 18 M.G. Gold was close to economically producing precious metals from scoria, volcanic cinders or other
 19 media. In fact, there were no basis for such representations and the company has yet to produce precious
 20 metals in commercial quantities through an economically viable process.

21 II.

22 CONCLUSIONS OF LAW

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

25 2. MERLE AMUNDSON and JEANNE AMUNDSON offered or sold securities within or
 26 from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

1 3. MERLE AMUNDSON and JEANNE AMUNDSON violated A.R.S. §44-1841 by offering
2 and selling securities that were not registered, not the subject of a notice filing, and not exempt from
3 registration.

4 4. MERLE AMUNDSON and JEANNE AMUNDSON violated A.R.S. §44-1842 by offering
5 or selling securities while not registered as a dealer or salesman and while not having any applicable
6 exemption from such registration.

7 5. MERLE AMUNDSON and JEANNE AMUNDSON violated A.R.S. § 44-1991 by
8 offering or selling securities within or from Arizona by making untrue statements or misleading
9 omissions of material facts.

10 6. MERLE AMUNDSON and JEANNE AMUNDSON conduct is grounds for a Cease &
11 Desist Order to be issued pursuant to A.R.S. §44-2032.

12 7. MERLE AMUNDSON and JEANNE AMUNDSON conduct as separately set forth
13 constitutes grounds for imposition of administrative penalties under A.R.S. §44-2036.

14 **IV.**

15 **ORDER**

16 THEREFORE, on the basis of these Findings of Fact, Conclusions of Law, and MERLE
17 AMUNDSON and JEANNE AMUNDSON consent to the entry of this Order, the Commission finds
18 that the following relief is appropriate, in the public interest, and necessary for the protection of
19 investors:

20 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that MERLE AMUNDSON and JEANNE
21 AMUNDSON, his agents, successors and assigns permanently Cease and Desist from:

- 22 a) Offering to sell or selling unregistered securities within or from Arizona where no
23 exemption from registration applies in violation of A.R.S. § 44-1841;
- 24 b) Offering to sell or selling securities within or from Arizona without prior registration as a
25 dealer and/or salesperson where no exemption from registration applies in violation of
26 A.R.S. § 44-1842;

1 c) In connection with the offer to sell or sale of securities within or from Arizona, making
2 any untrue statement of material fact, or omitting to state any material fact necessary in
3 order to make the statements made, in the light of the circumstances under which they
4 were made, not misleading in violation of A.R.S. § 44-1991.

5 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that MERLE AMUNDSON and
6 JEANNE AMUNDSON cooperate fully with the Securities Division in any ongoing investigations,
7 administrative proceedings against other persons arising from the activities described in this Order.

8 IT IS FURTHER ORDERED, pursuant to A.R.S. §44-2036, that MERLE AMUNDSON and
9 JEANNE AMUNDSON shall each pay an administrative penalty in the amount of \$5,000, payable to
10 the State of Arizona at the entry of this order.

11 IT IS FURTHER ORDERED that should MERLE AMUNDSON and JEANNE AMUNDSON
12 violate any of the orders prescribed above, the Securities Division may vacate this consent order and
13 reinstate legal proceedings against MERLE AMUNDSON and JEANNE AMUNDSON.

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

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3 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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6 CHAIRMAN

COMMISSIONER

COMMISSIONER

7 IN WITNESS WHEREOF, I, Brian C. McNeil, Executive
8 Secretary of the Arizona Corporation Commission, have
9 hereunto set my hand and caused the official seal of the
10 Commission to be affixed at the Capitol, in the City of
11 Phoenix, this ____ day of _____, .

12 _____
13 BRIAN C. McNEIL
14 Executive Secretary

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16 _____
17 DISSENT

18 This document is available in alternative formats by contacting Cynthia Mercurio-Sandoval, ADA
19 Coordinator, voice phone number 602/542-0838, E-mail csandoval@cc.state.az.us.
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1 CONSENT TO ENTRY OF ORDER BY THE COMMISSION
2 AND WAIVER OF HEARING

3 MERLE AMUNDSON (“M. AMUNDSON”) acknowledges that he has been fully advised of
4 his right to a hearing to present evidence and call witnesses. M. AMUNDSON waives all hearing
5 procedures and the right to appeal provided by the Securities Act of Arizona with respect to this Order
6 to Cease and Desist, Order for Administrative Penalties (“Order”) and Consent to Entry of Order
7 (“Consent”).

8 M. AMUNDSON admits the jurisdiction of the Arizona Corporation Commission
9 (“Commission”) with respect to matters set forth in this Order and Consent.

10 M. AMUNDSON neither admits nor denies the Findings of Fact and Conclusions of law
11 contained in this Order and Consent.

12 M. AMUNDSON agrees that, as a part of the settlement reached herein, he will not apply for
13 registration as a securities dealer or salesman, or for licensure as an investment advisor or investment
14 advisor representative, under the Securities Act of Arizona or the Investment Management Act of
15 Arizona, at any time in the future.

16 M. AMUNDSON states that his entry into this Consent is a voluntary act and that no promise
17 was made nor coercion used to induce him to enter into it.

18 M. AMUNDSON consents to the entry of this Order.

19 M. AMUNDSON understands that this Consent does not preclude any other agency, officer of
20 this State or its subdivision, from instituting other civil or criminal proceedings now or in the future.

21 While this Order settles all pending matters between M. AMUNDSON and the Commission,
22 M. AMUNDSON understands that this Consent does not preclude the Commission from instituting

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1 other administrative, civil, or criminal proceedings, now or in the future, based on facts not presently
2 known by the Commission or matters which are not covered by the Order.

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SUBSCRIBED TO AND SWORN BEFORE me this ____ day of _____,
2000, by

NOTARY PUBLIC

My Commission Expires:

1 CONSENT TO ENTRY OF ORDER BY THE COMMISSION
2 AND WAIVER OF HEARING

3 JEANNE AMUNDSON (“J. AMUNDSON”) acknowledges that she has been fully advised of
4 her right to a hearing to present evidence and call witnesses. J. AMUNDSON waives all hearing
5 procedures and the right to appeal provided by the Securities Act of Arizona with respect to this Order
6 to Cease and Desist, Order for Administrative Penalties (“Order”) and Consent to Entry of Order
7 (“Consent”).

8 J. AMUNDSON admits the jurisdiction of the Arizona Corporation Commission
9 (“Commission”) with respect to matters set forth in this Order and Consent.

10 J. AMUNDSON neither admits nor denies the Findings of Fact and Conclusions of law
11 contained in this Order and Consent.

12 J. AMUNDSON agrees that, as a part of the settlement reached herein, he will not apply for
13 registration as a securities dealer or salesman, or for licensure as an investment advisor or investment
14 advisor representative, under the Securities Act of Arizona or the Investment Management Act of
15 Arizona, at any time in the future.

16 J. AMUNDSON states that her entry into this Consent is a voluntary act and that no promise
17 was made nor coercion used to induce her to enter into it.

18 J. AMUNDSON consents to the entry of this Order.

19 J. AMUNDSON understands that this Consent does not preclude any other agency, officer of
20 this State or its subdivision, from instituting other civil or criminal proceedings now or in the future.

21 While this Order settles all pending matters between J. AMUNDSON and the Commission, J.
22 AMUNDSON understands that this Consent does not preclude the Commission from instituting other

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1 administrative, civil, or criminal proceedings, now or in the future, based on facts not presently known
2 by the Commission or matters which are not covered by the Order.

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SUBSCRIBED TO AND SWORN BEFORE me this ____ day of _____,
2000, by

NOTARY PUBLIC

My Commission Expires: