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May 24, 2018

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Big Spring Gold, LLC
Registered Agent for Service of Process
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6121 Lakeside Drive, Suite #260
Reno, NV 85951

Big Springs Gold, LLC
2244 Meade Street
North Bend, OR 97459

Louis A. Christensen
2244 Meade Street
North Bend, OR 97459

RE: In the Matter of: Big Springs Gold, LLC

Docket No. 12.01-150053J

Enclosed is an Initial Order rendered in connection with the above-styled case.

Administrative Procedures Division
Tennessee Department of State

/aem
Enclosure

RECEIVED
MAY 29 2018
DEPT. OF COMMERCE AND INSURANCE
LEGAL OFFICE

**BEFORE THE COMMISSIONER OF THE TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE**

IN THE MATTER OF:

BIG SPRINGS GOLD, LLC

DOCKET NO. 12.01-150053J

NOTICE

ATTACHED IS AN INITIAL ORDER RENDERED BY AN ADMINISTRATIVE JUDGE WITH THE ADMINISTRATIVE PROCEDURES DIVISION.

THE INITIAL ORDER IS NOT A FINAL ORDER BUT SHALL BECOME A FINAL ORDER UNLESS:

1. THE ENROLLEE FILES A WRITTEN APPEAL, OR EITHER PARTY FILES A PETITION FOR RECONSIDERATION WITH THE ADMINISTRATIVE PROCEDURES DIVISION NO LATER THAN **June 8, 2018**.

YOU MUST FILE THE APPEAL, PETITION FOR RECONSIDERATION WITH THE ADMINISTRATIVE PROCEDURES DIVISION. THE ADDRESS OF THE ADMINISTRATIVE PROCEDURES DIVISION IS:

SECRETARY OF STATE
ADMINISTRATIVE PROCEDURES DIVISION
WILLIAM R. SNODGRASS TOWER
312 ROSA PARKS AVENUE, 8th FLOOR
NASHVILLE, TENNESSEE 37243-1102

IF YOU HAVE ANY FURTHER QUESTIONS, PLEASE CALL THE ADMINISTRATIVE PROCEDURES DIVISION, **615/741-7008 OR 741-5042, FAX 615/741-4472**. PLEASE CONSULT APPENDIX A AFFIXED TO THE INITIAL ORDER FOR NOTICE OF APPEAL PROCEDURES.

**BEFORE THE COMMISSIONER OF THE
TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE**

IN THE MATTER OF:

TENNESSEE SECURITIES DIVISION,

Petitioner,

v.

BIG SPRING GOLD, LLC,

and

LOUIS CHRISTENSEN, individually,

Respondents.

**DOCKET NO. 12.01-150053J
TSD No. 17-018**

INITIAL ORDER

This cause came on to be heard on February 8, 2018, by the Honorable Phillip R. Hilliard, Administrative Judge, assigned by the Secretary of State, Administrative Procedures Division, to sit for the Commissioner of the Department of Commerce and Insurance. The Petitioner, the Tennessee Securities Division (TSD), was represented by Charles S. Herrell, Assistant General Counsel. The Respondents, Big Spring Gold, LLC, and Louis Christensen, individually, were not present nor was an attorney present on their behalf. The Tribunal considered the pleadings, affidavits¹, live testimony of witnesses, and the proof as a whole, from all of which the Court finds as follows below.

¹ Affidavits were allowed in accordance with Tenn. Code Ann. § 4-5-313.

FINDINGS OF FACT

1. Respondent Big Spring Gold, LLC (Big Spring Gold) is a Limited Liability Company organized under the laws of the State of Nevada, whose registered agent is Richard W. Harris, 6121 Lakeside Drive, Suite 260, Reno, Nevada 85951. Respondent Big Spring Gold is not authorized to do business in the State of Tennessee.

2. Respondent Louis A. Christensen (Christensen) is properly brought before this Tribunal as a Respondent by his actions as a principal, manager, agent or employee of Big Spring Gold in facilitating the sale of a security, as defined by TENN. CODE ANN. § 48-1-102(17)(A).

3. Respondents have not made an appearance before this Tribunal, there has been no appearance by counsel on their behalf, and there have been no defenses asserted to the charges enumerated in the Notice of Hearing and Charges.

4. Satisfactory evidence of notice of the proposed action of the TSD against Respondents is found in the form of notice letters issued pursuant to TENN. CODE ANN. § 4-5-320(c) that were delivered to Respondent Christensen in his capacity as an officer or principal of Big Spring Gold, and in his individual capacity, at Christensen's mailing address of 2244 Meade Street, North Bend, Oregon 97459. (COLL. EX. 1.)

5. Satisfactory evidence of notice of the charges of the TSD against Respondents exists, in part, in the form of printed information derived from the publicly available electronic records of the United States Postal Service that indicate delivery of copies of the Notice of Hearing and Charges to Respondent Christensen in his capacity as a principal or officer of Big Spring Gold, and in his personal capacity, both deliveries being made to the aforementioned address of Respondent Christensen, 2244 Meade Street, North Bend, Oregon 97459. (COLL. EX. 3).

6. Prior to the hearing, several prehearing orders were sent to the parties. These orders were sent to Respondent Christensen at 2244 Meade Street, North Bend, Oregon 97459. None of the orders sent to this address were returned to the Administrative Procedures Division.² Pursuant to a Prehearing Order issued on January 29, 2018, a prehearing conference was held on February 5, 2018. Neither of the Respondents participated in the prehearing conference.

7. The Court accepts and credits the representations of Petitioner's counsel that he had a telephone conversation with Respondent Christensen on February 7, 2018, during which Respondent Christensen stated that he was not planning to attend, send a representative or otherwise defend Big Spring Gold or himself against the charges brought in this action.³

8. Respondent Big Spring Gold has not been registered in any capacity with the TSD, including as an issuer-dealer, broker-dealer, or investment advisor, for the past ten (10) years. (Patterson Affidavit, COLL. EX. 4).

9. Respondent Christensen has not been registered to sell securities in Tennessee for the past ten (10) years. (Warden Affidavit, COLL. EX. 4).

10. Neither of the Respondents have registered any securities, or exemptions, with the TSD for the past ten (10) years. (Connors Affidavit, COLL. EX. 4).

11. In at least one instance, Respondent Christensen offered and sold "units of interest" in Big Spring Gold to a Tennessee Investor. On or about April 5, 2013, Respondent Christensen,

² Petitioner's counsel represented that none of the documents sent by the TSD, to this address, were returned to the TSD.

³ While on the call, according to Petitioner's counsel, Respondent Christensen indicated that Respondent Big Spring Gold had legal counsel of some sort, but the name of such counsel was not disclosed during the call. Due to the indication of said counsel, Petitioner's counsel terminated the call. While it would have been preferable for Petitioner's counsel to have attempted to procure the name of, and contact information for, Respondent Big Spring Gold's legal counsel and make contact with the same, the undersigned is mindful of the concern Petitioner's counsel would have had to avoid conversations without the counsel of an opposing party being present. In any event, the record is clear that no legal counsel for Respondent Big Spring Gold has ever engaged in this matter, in any way.

acting as an agent of Respondent Big Spring Gold, offered a security valued at two thousand, five hundred dollars (\$2,500) to a Tennessee Investor. Respondent Christensen represented these to be two thousand, five hundred (2,500) “units of interest” in the “Big Spring Project in Nye County, Nevada” (Big Spring Project); a mining venture that was owned by Respondent Big Spring Gold. [Tr. 34]; (Woodard Affidavit, COLL. EX. 4); (Stock Certificate, EX. 8).

12. Respondent Christensen did not inform the Tennessee Investor that the securities he offered and sold on behalf of Respondent Big Spring Gold were not registered as a security with the TSD. (Woodard Affidavit, COLL. EX. 4).

13. The Tennessee Investor was not informed by Respondent Christensen at the time the solicitation of his investment that Respondent Christensen was not registered, with the TSD, to offer or sell securities. (Woodard Affidavit, COLL. EX. 4).

14. The Tennessee Investor was not informed by Respondent Christensen at the time the solicitation of his investment that Respondent Big Springs was not registered, with the TSD, to offer or sell securities. (Woodard Affidavit, COLL. EX. 4).

15. The sale of unregistered securities to the Tennessee Investor was consummated by the acceptance of the offer received by the Tennessee Investor, the payment of funds by the Tennessee Investor, and receipt of a stock certificate by the Tennessee Investor. (Woodard Affidavit, COLL. EX. 4); (Stock Certificate, EX. 8).

CONCLUSIONS OF LAW

1. In accordance with TENN. COMP. R. & REGS. 1360-04-01-.02(7) and 1360-04-01-.15(3), the Petitioner has proven by a preponderance of evidence that the facts alleged in the January 10, 2018, Notice Of Hearing And Charges pertaining to Respondents are true and that the issues raised therein should be resolved in its favor.

2. Respondent Christensen's liability arises from his direct participation in the violative actions detailed herein. *See Gross v. McKenna*, E2005-02488-COA-R3-CV, 2007 WL 3171155 at *4 (Tenn. Ct. App. May 5, 2008); *see also* TENN. CODE ANN. §§ 48-1-104 and 48-1-121. Respondent Big Spring Gold's liability arises from the doctrine of respondeat superior. *See Johnson v. LeBonheur Children's Medical Center*, 74 S.W.3d 338 (Tenn. 2002) (citing *White v. Revco Disc. Drug Ctrs., Inc.*, 33 S.W.3d 713, 724 (Tenn. 2000) ("When an agency relationship exists, the principal may be bound by the acts of the agent performed on the principal's behalf."))

3. At all relevant times, the "units of interest" offered and sold by Respondents met the definition of a "security" pursuant to TENN. CODE ANN. § 48-1-102(17)(A).

4. TENN. CODE ANN. § 48-1-121(a) provides:

It is unlawful for any person, in connection with the offer, sale or purchase of any security in this state, directly or indirectly, to:

- (1) Employ any device, scheme, or artifice to defraud;
- (2) Make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or
- (3) Engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

5. The failure of Respondents to reveal the material fact that the securities offered and sold to the Tennessee Investor were not registered was a fraudulent act as defined by TENN. CODE

ANN. § 48-1-121(a)(2), subjecting Respondents to the sanctions available under TENN. CODE ANN. § 48-1-121(d).

6. The failure of Respondents to reveal the material fact that Christensen was not registered, with the TSD, to offer or sell securities at the time of the solicitation and sale of securities to the Tennessee Investor was a fraudulent act as defined by TENN. CODE ANN. § 48-1-121(a)(2), subjecting Respondents to the sanctions available under TENN. CODE ANN. § 48-1-121(d).

7. The failure of Respondents to reveal the material fact that Respondent Big Springs Gold was not registered, with the TSD, to offer or sell securities at the time of the solicitation and sale of securities to the Tennessee Investor was a fraudulent act as defined by TENN. CODE ANN. § 48-1-121(a)(2), subjecting Respondents to the sanctions available under TENN. CODE ANN. § 48-1-121(d).

8. The Petitioner has shown, by a preponderance of the evidence, that there are adequate grounds for the imposition of a civil penalty against these Respondents not to exceed five thousand dollars (\$5,000) per violation. It is determined that the proof adduced at trial provides adequate grounds for the imposition of a civil penalty on Respondents in the amount of five thousand dollars (\$5,000), jointly and severally, for the fraudulent misrepresentations by omission of material facts made by the Respondents in violation of TENN. CODE ANN. §§ 48-1-121(a)(1), (2), & (3).

9. TENN. CODE ANN. § 48-1-104 provides:

(a) It is unlawful for any person to sell any security in this state unless:

(1) It is registered under this part;

(2) The security or transaction is exempted under § 48-1-103; or

(3) The security is a covered security.

- (b) The commissioner may, after notice and opportunity for a hearing under the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, impose a civil penalty against any person found to be in violation of this section, or any regulation, rule or order adopted or issued under this section, in an amount not to exceed ten thousand dollars (\$10,000) per violation.

10. The sale of unregistered securities to the Tennessee Investor by Christensen and Big Springs Gold was made in violation of TENN. CODE ANN. § 48-1-104(a), and subjects Christensen and Big Springs Gold to the sanctions available under TENN. CODE ANN. § 48-1-104(b).

11. The Petitioner has shown, by a preponderance of the evidence, that there are adequate grounds for the imposition of a civil penalty against these Respondents not to exceed ten thousand dollars (\$10,000) per violation. It is determined that the proof adduced at trial provides adequate grounds for the imposition of a civil penalty on Respondents in the amount of ten thousand dollars (\$10,000), jointly and severally, for the sale of unregistered securities to the Tennessee Investor.

IT IS, THEREFORE, ORDERED, ADJUDGED and DECREED that:

1. Respondents shall **CEASE AND DESIST** selling unregistered securities and/or making any fraudulent misrepresentations, or fraudulent misrepresentations by omission of material facts, regarding the offer or sale of securities in Tennessee.

2. Respondents are assessed and shall pay a total of five thousand dollars (\$5,000) in **CIVIL PENALTIES** pursuant to TENN. CODE ANN. § 48-1-121(d), for which they are jointly and severally liable, for the fraudulent omission of material facts in the solicitation, or offer, and sale of securities to a Tennessee Investor.

3. Respondents are assessed and shall pay a total of ten thousand dollars (\$10,000) in **CIVIL PENALTIES** pursuant to TENN. CODE ANN. § 48-1-104(b), for which they are jointly

and severally liable, for the unlawful sale of unregistered securities to a Tennessee Investor.

This INITIAL ORDER entered and effective this the 24TH day of MAY, 2018.



PHILLIP R. HILLIARD
ADMINISTRATIVE JUDGE
ADMINISTRATIVE PROCEDURES DIVISION
OFFICE OF THE SECRETARY OF STATE

Filed in the Administrative Procedures Division, Office of the Secretary of State, this the 24TH of MAY, 2018.



J. RICHARD COLLIER, DIRECTOR
ADMINISTRATIVE PROCEDURES DIVISION
OFFICE OF THE SECRETARY OF STATE

**APPENDIX A TO INITIAL ORDER
NOTICE OF APPEAL PROCEDURES**

Review of Initial Order

This Initial Order shall become a Final Order (reviewable as set forth below) fifteen (15) days after the entry date of this Initial Order, unless either or both of the following actions are taken:

(1) A party files a petition for appeal to the agency, stating the basis of the appeal, or the agency on its own motion gives written notice of its intention to review the Initial Order, within fifteen (15) days after the entry date of the Initial Order. If either of these actions occurs, there is no Final Order until review by the agency and entry of a new Final Order or adoption and entry of the Initial Order, in whole or in part, as the Final Order. A petition for appeal to the agency must be filed within the proper time period with the Administrative Procedures Division of the Office of the Secretary of State, 8th Floor, William R. Snodgrass Tower, 312 Rosa L. Parks Avenue, Nashville, Tennessee, 37243-1102. (Telephone No. (615) 741-7008). See Tennessee Code Annotated, Section (T.C.A. §) 4-5-315, on review of initial orders by the agency.

(2) A party files a petition for reconsideration of this Initial Order, stating the specific reasons why the Initial Order was in error within fifteen (15) days after the entry date of the Initial Order. This petition must be filed with the Administrative Procedures Division at the above address. A petition for reconsideration is deemed denied if no action is taken within twenty (20) days of filing. A new fifteen (15) day period for the filing of an appeal to the agency (as set forth in paragraph (1) above) starts to run from the entry date of an order disposing of a petition for reconsideration, or from the twentieth day after filing of the petition, if no order is issued. See T.C.A. §4-5-317 on petitions for reconsideration.

A party may petition the agency for a stay of the Initial Order within seven (7) days after the entry date of the order. See T.C.A. §4-5-316.

Review of Final Order

Within fifteen (15) days after the Initial Order becomes a Final Order, a party may file a petition for reconsideration of the Final Order, in which petitioner shall state the specific reasons why the Initial Order was in error. If no action is taken within twenty (20) days of filing of the petition, it is deemed denied. See T.C.A. §4-5-317 on petitions for reconsideration.

A party may petition the agency for a stay of the Final Order within seven (7) days after the entry date of the order. See T.C.A. §4-5-316.

YOU WILL NOT RECEIVE FURTHER NOTICE OF THE INITIAL ORDER BECOMING A FINAL ORDER

A person who is aggrieved by a final decision in a contested case may seek judicial review of the Final Order by filing a petition for review in a Chancery Court having jurisdiction (generally, Davidson County Chancery Court) within sixty (60) days after the entry date of a Final Order or, if a petition for reconsideration is granted, within sixty (60) days of the entry date of the Final Order disposing of the petition. (However, the filing of a petition for reconsideration does not itself act to extend the sixty day period, if the petition is not granted.) A reviewing court also may order a stay of the Final Order upon appropriate terms. See T.C.A. §4-5-322 and §4-5-317.