





## Nature of the Conduct

6. Between May 2012 and September 2013, Big Spring and Christensen offered and sold approximately \$1.9 million worth of Big Spring Gold, LLC membership interests to approximately 140 investors, including two Washington investors who invested a total of \$55,000. More than 35 of the investors were not accredited. Most, if not all, of the investors were personally solicited to invest. The investors did not receive a written disclosure document that described the offering of the membership interests, including the risks of the investment.

## Misrepresentations or Omissions

7. Big Spring and Christensen failed to disclose material information concerning the mining claims that were held by the company. The Respondents failed to disclose to investors that when Big Spring acquired the right to purchase 10 unpatented lode mining claims for an initial purchase price of \$100,000, Christensen had relied upon a report prepared by the seller's President to determine the value of the mining claims. The Respondents failed to disclose that only preliminary mineral development work on the mining claims had been completed and although there was a potential for gold, no gold had yet been found. The Respondents failed to disclose that Christensen had not obtained an evaluation by an independent expert about the value of the mining claims and that Christensen himself had no expertise or experience to personally determine the value of the mining claims. The Respondents failed to disclose that there were no proven mineral reserves on the Big Spring property, that mineral exploration is highly speculative, and that the market value of minerals fluctuates greatly, so that even if minerals were discovered, it might not be economical to recover the minerals.

8. Big Spring and Christensen failed to disclose to investors that mineral exploration and development are hazardous activities that are subject to many risks, including, but not limited to, industrial accidents, inclement weather, environmental contamination, and labor disputes. The Respondents failed to

1 disclose that Big Spring could be subject to uninsured damage and liability claims that could deplete the  
2 investors' funds and render the company insolvent.

3 9. Big Spring and Christensen failed to disclose to investors that the development of the mining  
4 claims would require special permits or approvals that might not be granted. The Respondents failed to  
5 disclose that the property where the mining claims were located would require approval from the U.S.  
6 Department of Agriculture's Forest Service prior to any mineral exploration. The Respondents failed to  
7 disclose that an environmental impact study had to be conducted and the results had to be satisfactory to the  
8 Forest Service before any mineral exploration could begin. The Respondents failed to disclose that Big  
9 Spring did not have any surface access rights to the land where the mineral claims were located and that Big  
10 Spring had to acquire permits to access and develop the claims. The Respondents failed to disclose that the  
11 company's inability to obtain required permits could delay or prevent the development of the mineral  
12 claims.

13 10. Big Spring and Christensen failed to disclose material financial information relating to the  
14 investment. The Respondents failed to disclose the intended use of the investors' funds. The Respondents  
15 failed to disclose the minimum required capitalization to develop the Big Spring property. The Respondents  
16 failed to disclose that the Big Spring mineral development project might be inadequately capitalized and  
17 that investors could lose the entire amount of their investment. The Respondents failed to disclose the  
18 financial condition of the company or provide any financial statements showing the value of the company's  
19 assets and liabilities and the results of its operations.

20 11. Big Spring and Christensen failed to disclose the capitalization of the company. The  
21 Respondents failed to disclose to investors that Big Spring membership interests were sold at an arbitrary  
22 value that had no relationship to the book value of the LLC interests. The Respondents failed to disclose the  
23 risk of dilution through the sale of additional LLC interests. The Respondents failed to disclose that the  
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1 operating agreement for Big Spring only authorized the issuance of ten million LLC interests, which was the  
2 initial capitalization of the company. The Respondents failed to disclose to investors that the sale of their  
3 LLC membership interests was not authorized and therefore the investors did not have express membership  
4 rights, including the right to vote and the right to receive any distribution of profits.

5 12. On February 7, 2013, Christensen sent a misleading e-mail to one of the Washington  
6 investors. In the email, Christensen stated: "Great news!!! Big Spring Gold LLC has acquired an additional  
7 3200 acres of prime gold and silver property to the south of us..." Christensen sent another email the  
8 following day with this message: "We have the new complete reports out now on all the rock and soil  
9 samples and in the summary it compares Big Spring to Long Canyon which sold last year to Newmont for  
10 [\$]2.33 Billion." Christensen went on to state that new investors would be able to purchase Big Spring  
11 membership interests for \$2.00, but current investors might be allowed to purchase Big Spring membership  
12 interests for \$1.00. Christensen's email messages to the investor were misleading. There was no reasonable  
13 basis to suggest that Big Spring might have minerals worth \$2.33 billion. Further, it was misleading to  
14 imply that because new investors would pay twice as much for their membership interest, the value of the  
15 membership interest would immediately double. The Respondents also misled the investor by failing to  
16 disclose many significant risks of the investment.  
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### 18 **Registration Status**

19 13. Big Spring is not currently registered to sell its securities in the state of Washington and has  
20 not previously been so registered, nor has it filed a claim of exemption from registration.

21 14. Christensen is not currently registered as a securities salesperson or broker-dealer in the state  
22 of Washington and has not previously been so registered.

23 Based upon the above Findings of Fact, the following Conclusions of Law are made:  
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**CONCLUSIONS OF LAW**

1. The offer and/or sale of the LLC membership interests described above constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

2. Big Spring and Christensen have each violated RCW 21.20.140, because, as set forth in the Tentative Findings of Fact, Respondents offered and sold securities for which no registration is on file with the Securities Administrator.

3. Christensen has violated RCW 21.20.040 by offering and/or selling said securities while not being registered as a securities salesperson or broker-dealer in the state of Washington.

4. Big Spring and Christensen have each violated RCW 21.20.010, because, as set forth in the Tentative Findings of Fact, the Respondents made untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances in which they were made, not misleading.

Based upon the foregoing and finding it in the public interest:

**CONSENT ORDER**

IT IS AGREED AND ORDERED that Respondent Louis A. Christensen, his agents, and employees each shall cease and desist from violating RCW 21.20.140, the securities registration section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondent Louis A. Christensen, his agents, and employees, each shall cease and desist from violating RCW 21.20.040, the securities broker-dealer and salesperson section of the Securities Act of Washington.



SIGNED and ENTERED this 2nd day of March, 2017

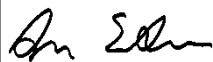


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William M. Beatty  
Securities Administrator

Approved by:

Presented by:



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Suzanne Sarason  
Chief of Enforcement

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Janet So  
Financial Legal Examiner

Reviewed by:



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Robert Kondrat  
Financial Legal Examiner Supervisor