



# COMMISSION NEWS

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ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

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TO: EDITORS, NEWS DIRECTORS  
FOR: IMMEDIATE RELEASE

DATE: 4/24/00  
CONTACT: Heather Murphy (602) 542-0844

## **PROMOTERS OF INVESTMENT IN SLAG PILE RECLAMATION PROJECT CHARGED WITH SECURITIES VIOLATIONS**

The Corporation Commission's Securities Division has alleged that Gareth N. Patton, Jeffery G. Crawford, Matthew E. Hunzinger and Calumet Slag, Inc. committed a series of registration and fraud violations in an investment scheme that has operated out of Arizona since at least 1994.

In its Notice of Opportunity for Hearing filed with the Commission, the Securities Division charged that while serving as directors and/or officers of the Arizona-based Calumet Slag, Inc., Gareth N. Patton from Hill City, South Dakota, Jeffery G. Crawford from Mesa, Arizona, and Matthew E. Hunzinger from Glendale, Arizona promoted, offered and sold unregistered securities in Calumet Slag to well over one hundred Arizona investors. None of the Respondents named in the Notice were registered with the Arizona Corporation Commission as salesmen or dealers.

As described in the Notice, Calumet Slag's primary asset was an abandoned slag pile located in the Black Hills of South Dakota. Respondents solicited Calumet Slag investors by claiming that the slag pile, when processed, would generate millions of dollars in profits. These claims were based on prior sample assay results, which Respondents cited as evidence that the Calumet slag pile was laden

with gold, platinum and silver. Despite the Respondents' raising at least \$580,000 in investor funds, the Securities Division has alleged that the slag pile was never processed, a permit for processing the slag has expired, and the shareholders have been notified that the company is now indebted to the Respondents for back salaries relating to their "services" at Calumet.

The Notice alleges that Respondents made a number of fraudulent misrepresentations and omissions to investors during their solicitation efforts. Investors received no written information about their investments either before or at the time they were made, and no evaluation with respect to the investment risk was given to the majority of investors. Investors also never learned that a reputable mining company had examined and tested the slag pile in 1994 only to conclude that the size was far smaller than represented, and that it possessed only negligible amounts of valuable ores. The Securities Division also alleges that Respondents failed to disclose that Calumet Slag had no corporate bank accounts or accessible financial records, that Respondents were comingling investor funds in Respondents' personal bank accounts, and that Respondents were diverting investor funds for the personal use of the Respondents.

The Securities Division is seeking a permanent cease and desist order against the Respondents by the Commission, along with payment of restitution to investors and monetary penalties. The individuals and entity named in the Notice can request a hearing to contest the allegations.

THE DIVISION CAUTIONS INVESTORS TO BE WARY OF SO CALLED INVESTMENT OPPORTUNITIES TOUTING NEW TECHNOLOGY TO RECOVER PRECIOUS METALS FROM OLD TAILINGS DUMPS, SLAG DEPOSITS.OR OLD MINE SITES. IF YOU ARE OFFERED SUCH AN "OPPORTUNITY", DIVISION INVESTIGATORS WOULD LIKE TO TALK WITH YOU. The Securities Division advises that before making any investment investors should request documentation discussing all material details about the investment, including where their money is going, what the money is to be

used for, and what types of risks are associated with the investment. Investors should also inquire whether the securities and its salesmen are registered with the Securities Division or are otherwise in compliance with the Arizona Securities Act. Finally, Arizona Securities Division Director Mark Sendrow cautioned that, "investors should always be particularly wary of unfamiliar investments that claim to pay unusually high returns without a concomitant risk to investor principal." For questions concerning the above matters, the Securities Division can be reached by phone at (602) 542-4242, by fax at (602) 594-7470, by E-mail at [accsec@ccsd.cc.state.az.us](mailto:accsec@ccsd.cc.state.az.us), or through its web site at [www.ccsd.cc.state.az.us](http://www.ccsd.cc.state.az.us).

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Starting May 1, 2000, all Arizona Securities Division press releases will no longer be distributed via broadcast fax. All future press releases will be delivered via Electronic Mail to promote faster distribution and ease of publication. To make this transition easier for you, we have set up a press release sign-up page on our website.

Please take a second to sign up at [http://www.ccsd.cc.state.az.us/news\\_release/add.asp](http://www.ccsd.cc.state.az.us/news_release/add.asp) to ensure your continued press release delivery. If you do not have an E-Mail address and need to continue to receive press releases, please contact Betty Camargo at (602) 542-0644. We appreciate your support during this time of change.