

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF:

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CHARLES W. SENS, JR., *et al.*

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Securities Division Case No. 2011-0187

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**FINAL ORDER
AS TO RESPONDENTS
CRYSTAL VICTORIA CORPORATION
AND
PLATINUMTECH CORPORATION**

WHEREAS, the Maryland Securities Division (the “Securities Division”), pursuant to the authority granted in Section 11-701 of the Maryland Securities Act, Md. Ann. Code, Corps. & Ass’ns (2007 Repl. Vol. and 2011 Cum. Supp.) (the “Securities Act”), initiated an investigation into the activities of Respondents Charles Warren Sens, Jr., and his companies, Crystal Victoria Corporation (“Respondent CVC”), and PlatinumTech Corporation (“PlatinumTech”) (collectively, “Respondents”); and

WHEREAS, pursuant to Section 11-701 of the Securities Act, on August 16, 2011, the Securities Commissioner issued a First Amended Summary Order To Cease And Desist And Order To Show Cause (the “Summary Order”), incorporated herein by reference, requiring each of the Respondents to show cause why: Respondents should not be barred permanently from engaging in the securities and investment advisory business in Maryland; why a civil monetary

penalty should not be entered against Respondents for each violation of the Securities Act; and why a final order should not be entered ordering Respondents to cease and desist from further violations of the Securities Act; and

WHEREAS, the Summary Order gave Respondents notice of the opportunity for a hearing in this matter, provided that Respondents submitted an answer within 15 days of service of the Summary Order, including any request for a hearing, and gave notice to Respondents that failure to do so would be deemed a waiver of the right to a hearing and result in the entry of a final order; and

WHEREAS, only Respondent Sens responded to the Summary Order by filing an answer and written request for a hearing, as the corporate Respondents CVC and PlatinumTech failed to obtain legal representation as required under Maryland law; and

WHEREAS, after receiving Respondent Sens' answer and written request for a hearing, this matter was referred to the Office of Administrative Hearings in Hunt Valley, Maryland; and

WHEREAS, on October 4, 2011, a telephone prehearing conference was held in this matter before the Office of Administrative Hearings, Administrative Law Judge Yolanda L. Curtin presiding; and

WHEREAS, at the telephone prehearing conference, Judge Curtin acknowledged that Respondents CVC and PlatinumTech had not engaged an attorney as required under Maryland law, nor had any of Respondents filed a prehearing statement as of that date; and

WHEREAS, at the telephone prehearing conference, Judge Curtin indicated that she would issue a proposed default as to the corporations for the failure to obtain legal representation, as Respondents had been previously advised in writing and in oral

communications with the Securities Division of the need for such representation under Maryland law; and

WHEREAS, on October 11, 2011, Judge Curtin issued a Proposed Default Order, attached hereto as Exhibit 1 (the “Proposed Default Order”), recommending to the Securities Commissioner the issuance of Final Order, finding that the corporate Respondents, CVC and PlatinumTech, be found in default, and recommending the issuance of a final order as to those corporate Respondents; and

WHEREAS, the Proposed Default Order advised the corporate Respondents, CVC and PlatinumTech, of their right to file a written motion to modify or vacate the default order within 15 days of the issuance of that order, and that if good cause is not shown to excuse the default, or if no motion is filed within 15 days, a Final Order will be issued by the Securities Commissioner; and

WHEREAS, 15 days have elapsed since the Proposed Default Order was issued, and the corporate Respondents have not filed any written motion to modify or vacate that Order; and

WHEREAS, to date, Respondents CVC and PlatinumTech have neither answered the Summary Order nor requested a hearing, as they have not obtained legal representation as required under Maryland law; and

WHEREAS, the Securities Commissioner has determined that it is in the public interest to issue this Final Order,

NOW, THEREFORE, THE SECURITIES COMMISSIONER FINDS AND ORDERS THE FOLLOWING, AS TO THE CORPORATE RESPONDENTS CRYSTAL VICTORIA CORPORATION AND PLATINUMTECH CORPORATION ONLY:

I. FINDINGS OF FACT

JURISDICTION

1. The Securities Commissioner has jurisdiction in this proceeding pursuant to Section 11-701.1 of the Securities Act.

RESPONDENTS

2. Respondent Charles Warren Sens, Jr. is not now, nor has he ever been registered in Maryland as a broker-dealer or broker-dealer agent, investment adviser or investment adviser representative, or issuer agent.

3. On information and belief, Respondent Sens is now, and at the time of the more recent investments referred to in this order was, residing in Switzerland. Prior to that time, however, Respondent Sens was a resident of Ocean City, Maryland.

4. Respondent Crystal Victoria Corporation was chartered as a corporation in April 1987 in the State of Colorado. It is still an active corporation in that State. At the time it was chartered, Respondent CVC's address was located in Phoenix, Arizona.

5. Respondent PlatinumTech Corporation was chartered as a corporation in March 1987 in the State of Colorado. It is still an active corporation in that State. At the time it was chartered, Respondent PlatinumTech's address was located in Lakewood, Colorado.

STATEMENT OF FACTS

The Recent Investments Purveyed By Respondents

6. Several Maryland residents, including K.S., I.B. and T.D., were introduced to an investment opportunity offered by Respondents. K.S. and I.B. were connected with the movie

industry, and Respondents approached them about making a documentary regarding their purported gold mining operation – specifically a movie to show to prospective investors.

7. In August 2007, K.S. received via email a 16-page “Crystal Victoria Mine Executive Business Plan Narrative” (the “CVC Business Plan”). The CVC Business Plan was dated November 7, 2006, and signed by Respondent Sens as “President and CEO (CURRENTLY RESIDING IN ZURICH/SWITZERLAND)” (emphasis in original).

8. The CVC Business Plan was forwarded to K.S. to educate him about Respondents’ business. It was not until some much later point in 2009 that K.S., I.B. and Respondent Sens met in Ocean City, Maryland to discuss the proposed documentary. Their business meeting, which lasted approximately five hours, was held on the public beach in Ocean City.

9. Respondent Sens explained at that meeting that he was tired of dealing with United States investors, and that he begun living abroad to obtain financing through an overseas company that would procure investment capital for his gold mining operation by investing in insurance portfolios. Sens explained that the only hold-up on obtaining the necessary financing was that he needed monies to pay for legal fees associated with the transaction.

10. Respondent Sens further explained that if he could obtain the money to pay for those legal fees – approximately \$200,000 – he could then proceed with the actual mining for gold and minerals on the properties where he held mining rights. He explained to K.S. and I.B. that the actual commencement of mining operations would create millions upon millions of dollars in profits. That point was likewise emphasized in the CVC Business Plan.

11. It became apparent that Respondents could not pay for the cost of making the

documentary – also equal to around \$200,000 – until they obtained financing, and that Respondent Sens would therefore need to obtain \$200,000 for pay for the claimed legal expenses. Respondents made clear to K.S. and I.B. that he was looking for investors to pay for those costs and to secure financing for his mining business’ operation.

The CVC Business Plan

12. The CVC Business Plan contained stilted syntax and repeated grammatical and spelling errors, making it difficult to read. Without question, however, the CVC Business Plan was designed to communicate to prospective investors that there was a significant amount of profit to be made from investing in certain mining projects, including a mine located in Utah, under Respondents’ control, the Crystal Victoria Mine (“CVM”).

13. The CVC Business Plan claimed that “**AUDITED FINANCIAL STATEMENTS ARE CONSERVATIVELY PROJECTED TO REFLECT THE BASE ASSET VALUED [sic] HOLDINGS OF BETWEEN US\$ 20'000'000'000 AND US\$ 25'000'000'000**” (emphasis in original). Respondents did not, however, provide T.D. with any audited or unaudited financial statements relating to Respondent CVC or the mining project.

14. The CVC Business Plan directly stated that “**THERE IS NOW A VERY SMALL AND ALMOST NO AMOUNT OF RISK FOR THE CVM PROJECT’S SHARE OFFERING TO CAPITAL INVESTOR [sic], WITH AN ENORMOUS SURETY [sic] OF REAL POTENTIAL FOR THE UPSIDE CAPITAL RETURN ON INVESTMENT**” (emphasis in original).

15. The CVC Business Plan contained a “Closing Statement” alleging that a certain “**INDEPENDENT REPORT**” relating to Respondents’ mining project provided

“UNDISTPUTED [sic] PROOF OF WHAT HAS TAKEN PLACE OVER THE PAST 21 YEARS, [and] NOW TRULY PRESENTS A ‘ONCE IN A LIFETIME OPPORTUNITY’” (emphasis in original).

16. The CVC Business Plan further provided that **“IN ACCORD WITH THIS PRESENTATION, WE ARE MOST WILLING AND PREPARED TO FURTHER PERSONALLY MEET AND/OR FURNISH ANY OTHER MATERIAL INFORMATION, AS MAY BE AVAILABLE OR REQUIRED TO PROVIDE COMFORT AND ASSISTANCE FOR YOUR FAVOURABLE [sic] INVESTMENT DECISIONS”** (emphasis in original).

The 2010 Note Investment Through Respondents

17. Pursuant to Respondents’ general solicitation for investors, K.S. and I.B. made T.D. aware of the investment opportunity available through Respondents. During the summer of 2010, K.S. provided T.D. with a copy of a “Technical Report” – purportedly prepared for CVC and a related company, PlatinumTech – relating to the CVC Business Plan.

18. The Technical Report was purportedly prepared by “Martin Vinzenz, Ph.D,” “Registered Geologist in the Principality of Liechtenstein,” on behalf of a Swiss-based company, Sigalus Group, AG (“Sigalus Group”), at CVC’s request. The report stated that it was “written by Sigalus [Group] for CVP [sic] in compliance with the 2005 Society for Mining, Metallurgy, and Exploration, Inc. (‘SME’) Guide as part of CVP’s [sic] bid to issue a private placement.”¹

19. The Technical Report basically served to convince prospective investors of two

¹/Although the Technical Report defined “Crystal Victoria Corporation” as “CVP,” it used that same designation to refer to a “Competent Person’s Report.”

things: first, that the area where CVC held mining rights was rife with gold and other valuable minerals, and second, that the value of the “mother load” was astronomical. In fact, the Technical Report, without ever mentioning the cost of extraction, twice repeated identical information claiming that the total value of recoverable deposits was in excess of \$377 million.

20. Knowing that K.S. had a potential investor lined up, Respondents provided T.D. with detailed information regarding the mining project by emailing relevant information regarding the proposed transaction to I.B. for the purpose of then forwarding the information over to T.D. The email included information regarding a “PROPOSED SHORT TERM INVESTMENT AND RETURN IN GOLD BULLION FOR 200,000.USD” (emphasis in original).

21. According to the proposal, the \$200,000 investment would be used to pay legal fees “and other costs” in connection with the purchase of a \$1.1 billion life insurance portfolio² by Sigalus Group. The life insurance portfolio was purportedly to be used as collateral for Sigalus’ issuance of a bond to be purchased by an unnamed “European Pension Fund,” whereupon Sigalus would release \$3 million to Respondents.

22. The proposal further explicated that upon closing on the life insurance portfolio, Sigalus would repay the investor his \$200,000 in principal, and, “as an added Bonus to Investor being guaranteed by Crystal Victoria Corporation and Mr. Charles Warren Sens Jr., the Investor will be entitled to a prorated amount of Gold Bullion production from the Crystal Victoria Mining Project for a total gross amount of \$1,200,000.U.S.D.”

²/Although the written documents described Sigalus’ intended purchase of a life insurance portfolio, it was verbally described to T.D. as a purported investment in senior life settlement contracts.

23. According to the proposal, the \$1.2 million “will be derived from the Crystal Victoria Mine Project’s Gold Mining production and at time of Gold Bullion delivery, will be calculated in accord with LBMA Daily Fixed Pricing for Gold Metal values per ounce less cost of shipping, Insurance and Export/Import Customs Tax if any.” The proposal claimed that investors would be paid within 18 months of Sigalus’ payout of \$3 million to Respondents.

24. K.S. was somewhat concerned about Respondents’ background, as Sens had specifically directed him and I.B. not to investigate his background. K.S., before leaving on a trip overseas, advised T.D. that it would be wise to do his “homework” on Respondents before investing with them. Respondents, however put pressure on T.D. to participate in the deal quickly before the investment opportunity became unavailable.

25. In response to the proposal, T.D. posed numerous questions to Respondents, including the “exact payment schedule of how much I get back and when”, “what legal documents will be drawn to define this investment/loan”, and whether Respondent Sens was a U.S. citizen. Respondent Sens stated that he was a U.S. citizen, and that the legal documents would consist of a loan agreement between T.D. and either of Respondents, or Sigalus or its officer.

26. In further response, Respondents reiterated that payments to investors would begin within 18 months of Sigalus’ release of the \$3 million “as soon as the Crystal Victoria Mine begins Mining Operations and Production Recovery . . . around 8 months from first funding if you want Gold Bullion repayments.” Respondents advised that the return on investment period would be different if T.D. wanted to be paid in United States currency.

27. In further response, Respondents stated that “. . . if you want to be paid in

Currency USD I will arrange to pay you the full amount of 1,200,000.USD upon the Crystal Victoria Mine Project receiving the balance of its funding commitment in the amount of 247,000,000.USD, which should be within a time period of not less or more then [sic] 90-180 days from first funding draw down date.”

28. Pursuant to Respondents’ solicitations and in reliance upon their assurances of above-market rates of return, T.D. made the decision to invest \$200,000 with Respondents. In memorialization of his investment, T.D. was provided with both a “LOAN AGREEMENT” and a “SIDE LETTER” between T.D. and Respondent CVC, whose address was stated as 5500 Holmes Run Parkway #817, Alexandria, VA 22304 USA.

29. The Loan Agreement was dated August 13, 2010. The Loan Agreement provided that, in consideration of \$200,000 payable to Sigalus Group c/o a Swiss bank, Respondent CVC would pay T.D. \$40,000 on or before September 30, 2010. The Loan Agreement purported to be signed by Respondent Sens and witnessed by “H.J. Schneeberger . . . Switzerland,” and was stamped with a CVC seal.

30. The Side Letter was dated August 13, 2010. The Side Letter provided that, in consideration of the \$200,000 payable pursuant to the Loan Agreement, T.D., as an investor, was entitled to additional interest, including “\$100,000 fixed for the first 31 calendar days plus \$5,000 per day thereafter up to a maximum of the 30th September 2010 the date on or before the loan must be repaid,” to cease accruing upon Respondent CVC’s payment of \$40,000.

31. The Side Letter further provided for a “Bonus Payment” of \$1,200,000 less the \$40,000 interest payment. The Side Letter stated that T.D. could choose the terms of the \$1.2 million payment, *i.e.*, (1) at the time Respondent CVC received the balance of its \$250 million

loan from Sigalus Group, or (2) in 18 months, after Respondent CVC obtained \$250,000 in funding from Sigalus Group, payable either in gold bullion or U.S. currency.

32. The Side Letter likewise purported to be signed by Respondent Sens and witnessed by Messr. Schneeberger of Switzerland, and bore a CVC seal.

33. Pursuant to the assurances of profit guaranteed by the Loan Agreement and Side Letter and Respondents' wiring instructions, T.D. wired \$200,000 to Sigalus Group to make an investment through Respondents. On or about August 13, 2010, T.D.'s monies were wired to Sigalus Group's private Swiss bank account at Julius Baer & Co., Ltd. in Zurich Switzerland ("Julius Baer"). T.D. received confirmation of the transaction through Julius Baer.

34. Though T.D. has been in communication with Respondent Sens since his investment, he has not to date received any return on the \$200,000 investment. Respondent Sens, directly and through intermediaries, has provided numerous excuses for the failure of payment – including that Sigalus Group experienced difficulty in raising money to fund the initial closing on the insurance portfolio. Information available on the internet as of July 2011 reflects that Sigalus Group is "in dissolution."

The 2010 Stock Sale Offer and/or Sale By Respondents

35. Respondents also offered to sell PlatinumTech stock pursuant to a Sale & Transfer of Stock Agreement emailed to K.S on August 10, 2010. The agreement referenced the sale of 10,000 shares of PlatinumTech stock at \$5 per share. No prospectus or other disclosure document accompanied the offer to sell PlatinumTech shares.

The Investments Previously Purveyed By Respondents

36. Long before Respondents solicited T.D. to invest monies pursuant to the Loan

Agreement promising astronomical returns, he gained a reputation for soliciting members of the Ocean City, Maryland community for investment dollars related to a purported gold mining operation, and for claiming to invest monies on those individuals' behalf. Among those he solicited was J.C.M. of Ocean City, Maryland.

37. Well after having provided Respondents with literally hundreds of thousands of dollars for both investments and (separately) loans, J.C.M. later learned through a mutual friend that Respondent Sens returned to Ocean City in the late 1980's with the specific intentions of renewing a childhood association with her after discovering that J.C.M. had inherited money.

38. Respondent Sens' earliest gold mining venture was known as GKE Venture I, or "Gold King Enterprises" Venture I ("GKE"). J.C.M., while living in Ocean City, Maryland, invested more than \$130,000 in GKE pursuant to Respondent Sens' solicitations. She maintained an inventory of her capital investments in GKE. Neither J.C.M. nor any other GKE investors known to J.C.M. received any risk disclosure documents prior to or at the time of their GKE investments.

39. B.M., while a resident of Ocean City, Maryland, also invested in GKE pursuant to Respondent Sens' solicitations. Records maintained by J.C.M. reflect that B.M. invested \$25,000 in GKE. Furthermore, B.M. later invested approximately \$75,000 in additional investments through Respondent Sens, in PlatinumTech. Respondent Sens provided B.M. with notes memorializing his investments.

40. According to B.M., at the time Respondent Sens solicited his investment monies he made promises of huge returns from a gold mining operation. Respondent Sens showed B.M. rocks that he purported were gold nuggets mined from the land where he held mining rights.

Sens did not live up to his promises, however. In May 1990, he provided B.M. with a notarized statement advising that B.M.'s \$25,000 investment in GKE "was deemed totally worthless in 1987." To this date, B.M. has not received any return on his investments with Respondent Sens.

41. In late 1986 or early 1987, Respondent Sens commissioned the preparation of an accounting report in response to a backlash from investors who became disgusted with his inability to document how investor monies were being used. J.C.M. recalled a meeting held in Aspen, where furious GKE investors from across the country lashed out at the company's helmsman and managing partner, Respondent Sens. The report did not necessarily quell investors' concerns, however.

42. The accounting report, dated March 16, 1987, acknowledged that "[t]here are problems relating to proper analysis and reconciliation of all the related transactions due to numerous transfers, bounced checks, and in some instances checks paid for long after the fact The absence of a formal set of books, and [the lack of] a partner contribution schedule with accompanying detail as to where and when received, has not made such reconciliation any easier."

43. The accounting review contained a chronology of Sens' jet-setting lifestyle, flying back and forth between Aspen and Denver, Colorado – Moab, Utah, Chandler and other places in Arizona – and Ocean City, Maryland. It referenced Sens' receipt of monies directly from various investors, including J.C.M. It referenced that another Ocean City investor flew to Aspen to meet with Sens. It further referenced at least one meeting with "investors" held in Ocean City.

44. Later Respondent Sens disbanded GKE. In 1987, he formed CVC, as well as PlatinumTech. Sens confided to J.C.M., with whom he had developed a personal relationship,

that his goal was to maintain control over CVC, the company that held the mining rights. He created PlatinumTech to act as an operating company, and he solicited individuals to invest in PlatinumTech.

45. Respondent Sens made J.C.M. an officer in CVC, and gave her shares of stock to memorialize her investments in the company. At one time, J.C.M. owned 49% of the shares of CVC. J.C.M.'s role as an officer, however, was purely on paper, as Sens at all times conducted the day-to-day affairs of the business and maintained control over CVC's and PlatinumTech's operations. J.C.M.'s role was that of an investor, to supply money to fund Sens' activities.

46. Respondent Sens solicited J.C.M.'s investment in CVC. J.C.M.'s investments in CVC included \$55,000 in wire transfers from St. Michael's Bank in Maryland to Lakewood, Colorado. J.C.M. took out a loan from St. Michael's Bank to fund \$50,000 of that amount. She also wrote \$5,500 in checks payable to CVC in May 1987.

47. To memorialize her investments in CVC and later in PlatinumTech, Respondent Sens issued stock certificates to J.C.M. In 1989, Sens signed a stock repurchase agreement acknowledging that she and Sens were stockholders in each of the companies. Sens took J.C.M.'s CVC stock certificates and failed to provide her with any compensation for her shares, notwithstanding her capital investments in CVC.

48. Respondent Sens obtained investments in PlatinumTech from investors not only around the United States, but from around the world. He provided investors with notes and/or stock certificates to memorialize their investments. To J.C.M.'s knowledge, at no time did Sens succeed in actually beginning any actual mining operations. Respondent's efforts were more significantly directed to raising money, which he spent on a fairly lavish and frenetic lifestyle.

49. J.C.M. lost virtually all of the monies she invested with and, separately, loaned to Respondents. Over the period of years she was in contact with Respondent Sens, she witnessed many unfortunate circumstances, including situations where individuals lost their businesses or relationships with loved ones because of having lost investment monies entrusted to Respondents.

50. Neither J.C.M. nor any other CVC or PlatinumTech investors known to J.C.M. received any risk disclosure documents prior to or at the time of their GKE investments.

51. Although J.C.M. had resigned as an officer of both CVC and PlatinumTech in 1990, she became aware that her name was still being used in connection with those business entities. J.C.M. sent numerous letters to Respondent Sens' attention, reminding him of her disassociation with the companies. She eventually retained an attorney to assist her in causing Sens to acknowledge her disassociation with the companies.

52. By way of separate letters on CVC and PlatinumTech letterhead, dated September 8, 1994 and signed by Respondent Sens and notarized, Respondents confirmed that "[s]ince the inception of this corporation, all of the business decisions, and financial and record-keeping activities and responsibilities have been handled solely by myself as President and Chief Executive Officer."

No Filings With The Securities Division

53. The Securities Division's records reflect that there is no record of any securities registration, or claim of exemption or status as federal-covered securities issued under the name "Charles Sens," "Crystal Victoria," "Sigalus" or "PlatinumTech." The records of the Division further reflect that there is no record of any issuer agent registration for "Charles Sens."

II. CONCLUSIONS OF LAW

The Securities Commissioner concludes that:

54. Respondents Crystal Victoria Corporation and PlatinumTech Corporation have engaged in violations of Section 11-301(1), (2) and (3) (fraud in the offer and sale of securities) and Section 11-501 of the Securities Act (offer and sale of unregistered, non-exempt securities that are not federal-covered securities).

III. SANCTIONS

NOW, THEREFORE, the Securities Commissioner finds it to be in the public interest to issue this Final Order, and IT IS HEREBY **ORDERED** THAT:

55. Respondents Crystal Victoria Corporation and PlatinumTech Corporation permanently cease and desist from engaging in the offer and sale of unregistered, non-exempt securities in violation of Section 11-501 of the Securities Act.

56. Respondents Crystal Victoria Corporation and PlatinumTech Corporation permanently cease and desist from engaging in fraud in the offer and sale of securities violation of Section 11-301(1), (2) and (3) of the Securities Act.

57. Respondents Crystal Victoria Corporation and PlatinumTech Corporation are permanently barred from the securities and investment advisory business in Maryland.

58. Respondents Crystal Victoria Corporation and PlatinumTech Corporation are assessed a civil monetary penalty, pursuant to Section 11-701.1 of the Securities Act, in the amount of \$100,000, payable by certified check to the order of the Office of the Attorney

General, to be offset by any amounts paid as restitution to investors.

IV. JURISDICTION RETAINED

59. Jurisdiction is retained by the Securities Commissioner for the purposes of enabling any party to this Final Order to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Consent Order.

V. APPEAL RIGHTS

60. Any Respondent may appeal this Final Order to the appropriate Circuit Court of the State of Maryland within 30 days from the date this Final Order is mailed by the Securities Division.

SO ORDERED:

**Commissioner's Signature is
on File with Original Document**

DATED: October 31, 2011

Melanie Senter Lubin
Securities Commissioner