

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Securities Act of Washington by:

Philippine Gold Treasury Recovery Project;
Larry Andreen; Josephine Valenzuela
Theaker,

Respondents

Order Number S-03-024-05-TO01

SUMMARY ORDER TO CEASE AND
DESIST AND NOTICE OF INTENT TO
IMPOSE FINES AND RECOVER COSTS

THE STATE OF WASHINGTON TO: Philippine Gold Treasury Recovery Project
Larry Andreen
Josephine Valenzuela Theaker

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Philippine Gold Treasury Recovery Project, Larry Andreen, and Josephine Valenzuela Theaker, have violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations would be hazardous to investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

1 **TENTATIVE FINDINGS OF FACT**

2 *Respondents*

3 1. The Philippine Gold Treasury Recovery Project, also know as Farm Project and
4 Triple A Farm, (“Treasury Recovery Project”) purports to be a limited partnership formed in
5 April 2000. The Secretary of State has no record that the Treasury Recovery Project was formed
6 as a limited partnership or any other legal entity in Washington or that it has applied for a
7 certificate of authority to do business in Washington as a foreign entity. The purported purpose
8 of Treasury Recovery Project is to extract and market gold, precious stones, and other treasure
9 recovered from property located in the Philippines allegedly owned by Guillerma Leyretama
10 “Gemma” Azaola (“Azaola”).

11 2. Larry Andreen (“Andreen”), also known as Larry W. Kennaugh, is a general
12 partner of the Treasury Recovery Project. Andreen was licensed (CRD # 1179034) in
13 Washington as a securities salesperson from 1983 to 1992. In 1994, Andreen’s NASD
14 registration was revoked for non-payment of a fine. The fine was a result of an action taken by
15 the NASD based on allegations that Andreen sold interests in an oil and gas drilling operation
16 without notifying the broker-dealer through which he was employed. Andreen resides in Stevens
17 County, Washington.

18 3. Josephine Valenzuela “Josie” Theaker (“Theaker”) acted as a general partner and
19 fiduciary of the Treasury Recovery Project until August 2001. Theaker was born in the
20 Philippines but currently resides in Pierce County, Washington.

1
2 *Description of the Conduct*

3 4. Beginning in February 2000, Andreen and Theaker offered and sold to investors
4 at least \$744,966 and possibly as much as \$1,100,000 of limited partnership interests in the
5 Treasury Recovery Project. There were at least twenty-five investors, including at least eighteen
6 Washington residents. Investors were given individual agreements characterized as limited
7 partnership agreements signed by Theaker as a general partner. The limited partnership
8 agreements promised each investor a certain percentage of proceeds from the first twenty metric
9 tons of gold sold or hypothecated from the mine, which investors were told could result in as
10 much as twenty-seven times their original investment. Investors either wrote checks to Theaker
11 or wired the funds directly into an account held by Theaker and Azaola. Investors were told that
12 the money would be used to fund the operations, including all expenses, salaries, equipment,
13 travel, taxes, and any other expenditure to make the venture profitable.

14 5. Theaker solicited investors at one-on-one meetings arranged by Andreen and held
15 in the Seattle area. Andreen solicited investors at investor meetings he conducted approximately
16 once a month in Everett and Marysville. Potential investors attended the meetings to learn about
17 the Treasury Recovery Project and investors attended for project updates. Andreen held an
18 investor meeting as recently as February 2004. Andreen also solicited investments through at
19 least twenty-four Treasury Recovery Project emails sent in 2001 and 2002.

20 6. In these presentations Andreen and Theaker represented that Azaola owned a
21 mine that contained treasure hidden during World War II by the Japanese military. Andreen
22 showed investors a map of the interior of the mine and photographs of the treasure that were
23 taken by an x-ray machine. Investors were told that the general partners, Azaola, Theaker, and

1 Andreen, would be responsible for extracting and marketing the gold. Investors were told that
2 no one outside of the Treasury Recovery Project could claim ownership of any gold or artifacts
3 recovered because the International Court ruled that if a country leaves a treasure more than 50
4 years that country has no claim to it. Investors were also told that under Philippine law hidden
5 treasure belongs to the owner of the land on which it is found. In addition, investors were told
6 that Andreen had personal agreements with other interested parties that would allow him to keep
7 the artifacts.

8 7. Throughout the project investors were asked for additional funds for expenses
9 incurred due to flooding and sick mine workers. Andreen urged investors to contribute
10 additional funds and “tell the story” of the project in hopes that the investors would bring in
11 funds from others. This induced several investors to invest additional funds.

12 8. In approximately May 2001, investors were told that Theaker was
13 misappropriating funds from the project for her personal use. Investors were told that Theaker
14 would no longer be a general partner but Andreen and Azaola would continue as general
15 partners. Andreen received some of the investor funds in cash and some of the funds were sent
16 via Western Union directly to the Philippines. Because some investments were in cash and
17 Andreen’s records are poor, the exact amount raised is unknown but it appears that between 2001
18 and 2003 Andreen raised approximately \$150,000.

19 9. In June 2003, Andreen and a Washington investor traveled to the Philippines to
20 investigate the project. Andreen stayed in the Philippines for about a month but was unable to
21 obtain any useful information about the Treasury Recovery Project. Andreen did not know the
22 exact location of the mine and was unable to find it. Andreen was never able to meet with
23 Azaola because Azaola feared pirates would follow them. The investor said that he had visited

1 the mine and found that it was actually nothing more than a pile of rocks. However, Andreen
2 continues to tell investors he believes in the project.

3 10. In February 2004, the investors initiated efforts to recover their money but have
4 not received any money back to date.

5
6 *Misrepresentations and Omissions*

7 11. Respondents' statements concerning the investments they offered, including
8 statements about the returns of those investments and the safety of those investments, were
9 misleading because Respondents failed to provide investors material information about the
10 purported limited partnership interests described above, including, but not limited to, the risk
11 associated with the investment and the financial condition of the project, financial statements, or
12 other information concerning the financial condition of the Treasury Recovery Project.

13 Respondents did not disclose information regarding how the estimated return was calculated
14 including, but not limited to what price of gold was used and what "discounts and fees" would be
15 applied, a schedule of how the payments would be made, or information regarding the basis for
16 the claim that investors would receive a 27 to 1 return on investment. Respondents did not
17 disclose information on the cost of providing security for the mine. Respondents did not disclose
18 information regarding the risks commonly associated with treasure recoveries such as the risk of
19 pirates or other security risks of the mine, the risk that the information about the location and the
20 amount of treasure was incorrect such that the treasure does not exist or is not as plentiful as it
21 had been thought to be, the risk that one or more of the project leaders would leave or otherwise
22 become unavailable to the project, the risk that the project would not be able to obtain skilled
23 workers or the necessary equipment, the risk of embezzlement of the treasure by the mine

1 workers, or the risk that there would not be a buyer for the treasure. In addition, Respondents
2 did not disclose any evidence of ownership of the mine.

3 12. Respondents' statements about the ownership of the treasure were misleading
4 because Respondents refer to the International Court but do not describe what that is.
5 Respondents refer to personal agreements with other interested parties but did not disclose the
6 parties to those personal agreements.

7
8 *Registration Status*

9 13. The Philippine Gold Treasury Recovery Project did not register to sell limited
10 partnership interests in the State of Washington.

11 14. Larry Andreen is not licensed as a securities salesperson or broker-dealer in the
12 State of Washington.

13 15. Josephine Valenzuela Theaker is not licensed as a securities salesperson or
14 broker-dealer in the State of Washington and has not previously been so registered.

15
16 *Emergency*

17 16. The Securities Administrator finds that an emergency exists and that continued
18 violations of RCW 21.20.010, RCW 21.20.140, and RCW 21.20.040 by recent investor contacts,
19 offers and sales of purported limited partnership interests, and solicitations of additional funds
20 from investors constitute a threat to the investing public. Accordingly, a Summary Order to
21 Cease and Desist from those violations is the public interest and necessary for the protection of
22 the investing public.

1 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

2 **CONCLUSIONS OF LAW**

3 17. The offer or sale of limited partnership interests or investment agreements
4 described above constitutes the offer or sale of a security as defined in RCW 21.20.005(10) and
5 (12).

6 18. Respondents, Larry Andreen and Josephine Valenzuela Theaker, have violated
7 RCW 21.20.040 by offering and/or selling said securities while not registered as securities
8 salespersons or broker-dealer in the State of Washington.

9 19. Respondents, Larry Andreen and Josephine Valenzuela Theaker, have violated
10 RCW 21.20.140 by offering and/or selling an unregistered security.

11 20. The offer and/or sale of said securities was made in violation of RCW 21.20.010
12 because, as set forth above, Respondents, Philippine Gold Treasury Recovery Project, Larry
13 Andreen, and Josephine Valenzuela Theaker, in connection with the offer and sale of a security,
14 made untrue statements of material fact or omitted to state material facts necessary in order to
15 make the statements made, in light of the circumstances under which they were made, not
16 misleading.

17
18 **SUMMARY ORDER**

19 Based on the foregoing,

20 NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that Respondents,
21 Philippine Gold Treasury Recovery Project, Larry Andreen, and Josephine Valenzuela Theaker,
22 their agents and employees each cease and desist from offering or selling securities in any
23

1 manner in violation of RCW 21.20.140, the section of the Securities Act of Washington
2 requiring registration.

3 It is further SUMMARILY ORDERED that Respondents, Philippine Gold Treasury
4 Recovery Project, Larry Andreen, and Josephine Valenzuela Theaker, their agents and
5 employees each cease and desist from violation of RCW 21.20.010, the anti-fraud section of the
6 Securities Act.

7 It is further SUMMARILY ORDERED that Larry Andreen and Josephine Valenzuela
8 Theaker cease and desist from violation of RCW 21.20.040, the section of the Securities Act that
9 requires registration of securities salespersons and broker-dealers.

10
11 **NOTICE OF INTENT TO IMPOSE FINES AND RECOVER COSTS**

12 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities
13 Administrator, pursuant to RCW 21.20.390 and RCW 21.20.395, intends to order that:

14 a. Respondent, Larry Andreen, shall be liable for and pay to the Securities Division (1) a
15 fine of \$170,000 and (2) the costs, fees, and other expenses incurred in the conduct of
16 investigating this matter, in any amount not less than \$16,300.

17 b. Respondent, Josie Theaker, shall be liable for and pay to the Securities Division (1) a fine
18 of \$70,000 and (2) the costs, fees, and other expenses incurred in the conduct of investigating
19 this matter, in any amount not less than \$16,300.

20
21 **AUTHORITY AND PROCEDURE**

22 This Order is entered pursuant to the provisions of RCW 21.20.390 and is subject to the
23 provisions of RCW 34.05. The Respondents, Philippine Gold Treasury Recovery Project, Larry

1 Andreen, and Josephine Valenzuela Theaker, may each make a written request for a hearing as
2 set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
3 HEARING accompanying this order.

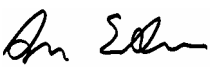
4 If a respondent does not request a hearing, the Securities Administrator intends to adopt
5 the above Tentative Findings of Fact and Conclusions of Law as final and make the summary
6 order to cease and desist permanent as to that respondent. The Securities Administrator will also
7 impose the above described fines and costs.

8 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

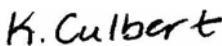
9 Dated this 11th day of April, 2005

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12 
MICHAEL E. STEVENSON
13 Securities Administrator

14 Approved by:

15 
16 Suzanne Sarason
Chief of Compliance

Presented by:

17 
18 Kristen Culbert
19 Financial Legal Examiner
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