

STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION

IN THE MATTER OF DETERMINING ) Order Number S-05-007-05-TO01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) SUMMARY ORDER TO CEASE AND  
DESIST AND NOTICE OF INTENT TO  
IMPOSE FINES AND RECOVER COSTS  
Peruvian Resources Management )  
USA, LLC; Machu Picchu Gold )  
Mining Corporation; Douglas Cyr; )  
Douglas Ashworth; Thomas Olson, )  
Respondents

THE STATE OF WASHINGTON TO: Peruvian Resources Management USA, LLC  
Machu Picchu Gold Mining Corporation  
Douglas Cyr  
Douglas Ashworth  
Thomas Olson

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Peruvian Resources Management USA, LLC; Machu Picchu Gold Mining Corporation; Douglas Cyr; Douglas Ashworth; and Thomas Olson, have each 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 the investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

SUMMARY ORDER TO CEASE AND DESIST

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DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 **TENTATIVE FINDINGS OF FACT**

2 *Respondents*

3 1. Peruvian Resources Management USA, LLC (“PRM”) is a Michigan business entity  
4 with its principal place of business in Livonia, Michigan. PRM is purportedly a management  
5 company with the primary purpose of pooling investors’ funds to be invested in Machu Picchu  
6 Gold Mining Corporation. PRM purportedly owns a 6% interest in Machu Picchu Gold Mining  
7 Corporation. The Washington Secretary of State has no record that PRM has applied for a  
8 certificate of authority to do business in Washington.

9 2. Machu Picchu Gold Mining Corporation (“MPGMC”) purports to be a Peruvian  
10 business entity with its principal place of business in Lima, Peru. The purported purpose of  
11 MPGMC is to produce gold bullion from a riverbed in Peru using high volume dredging  
12 techniques. The Secretary of State has no record that MPGMC has applied for a certificate of  
13 authority to do business in Washington.

14 3. Douglas Cyr (“Cyr”) is the registered agent for PRM. Cyr is a resident of Michigan.

15 4. Douglas Ashworth, CRD # 1759739, (“Ashworth”) is the United States contact for  
16 PRM and is on the MPGMC board of directors. Ashworth is a resident of Texas.

17 5. Thomas Olson (“Olson”) is the owner of Icon Corporate Consultants (“Icon”). Icon  
18 purports to be a sole proprietorship with its principal place of business in Spanaway,  
19 Washington. The Secretary of State has no record that Icon was formed as a legal entity in  
20 Washington or that it has applied for a certificate of authority to do business in Washington as a  
21 foreign corporation. Olson is a resident of Pierce County, Washington.

*Nature of Respondents' Conduct*

6. In 2003 Cyr, Ashworth, and Olson offered and sold at least \$35,000 in PRM capital contributions to at least seven investors, including four Washington residents. Olson spoke to his friends and family about MPGMC and referred investors to Cyr, Ashworth, or the MPGMC website for additional information.

7. The capital contributions were to be invested in MPGMC. Investors were told that MPGMC would use the capital contributions to fund a dredging operation in the Urubamba River Valley in Peru.

8. Investors were told that Engelhard, a metals refiner, agreed to purchase 100% of the company's initial gold production. Investors were told that based on the estimated gold production alone, they could receive as much as a fifty times their initial investment in a six to seven year period. Investors were told that rare earth minerals would generate additional revenues amounting to four times the value of the gold.

9. In addition, MPGMC's website touts MPGMC's investment potential claiming that the good transportation access and favorable pro-business political climate in Peru contributed to an unparalleled profit opportunity.

10. Initially, investors were told MPGMC needed to raise \$2.5 million to purchase a dredge, a processing plant, and pay administrative costs. Investors were told that once the \$2.5 million was raised operations would begin. The amount was increased to \$10 million to purchase additional dredges and processing plants. Investors were told that there was an investment group that would contribute the majority of the capital needed. Investors were not told the identity of that investor group.

1 11. Most investors were given a purchase agreement signed by Cyr or Ashworth  
2 promising a certain percentage of royalties, or proceeds, from the operation.

3 12. Olson personally received at least \$10,000 of investment money in cash and checks  
4 directly from investors. Olson kept some of the investment money allegedly as reimbursement  
5 for costs incurred by Icon while providing consulting services to MPGMC. Icon purportedly  
6 provides security consulting services to MPGMC; however, Icon does not currently have a  
7 contract with MPGMC to receive remuneration for its services. Olson anticipates that Icon will  
8 receive consulting fees once MPGMC is fully funded.

9 13. Investors were told that the projected date for operations to begin was in the fourth  
10 quarter of 2004. In July 2004 investors received an email from Cyr saying that the company was  
11 in the process of securing financing and instructed the investors to contact him or Ashworth  
12 about payback for “additional funds invested”. The email also encouraged investors to visit the  
13 MPGMC website for more information.

14 14. MPGMC has not started operations and investors have not received any returns from  
15 MPGMC.

### 17 **MISREPRESENTATIONS AND OMISSIONS**

18 15. Respondents’ statements that rare earth minerals would generate additional revenues  
19 amounting to four times the value of the gold were misleading because Respondents did not  
20 disclose the amount and type of minerals that were expected to be recovered and how or to  
21 whom the minerals would be sold.

22 16. Respondents’ statements concerning the access to the dredging site were misleading  
23 because Respondents failed to disclose the risks and feasibility associated with dredging in

1 remote areas, including that the dredging site is five to six hours away from civilization and the  
2 only access is by a small, primitive road.

3 17. Respondents' statements about the pro-business political climate in Peru were  
4 misleading because Respondents failed to disclose terrorist attacks on nearby mining camps  
5 involving deaths and postponement of operations.

6 18. Respondents' statements about an investor group providing the majority of the capital  
7 necessary and about obtaining financing to fund the operation were misleading because  
8 Respondents failed to disclose the assumptions upon which the statements were made, including  
9 the source of the financing, the basis for the belief that financing was forthcoming, and the risks  
10 and circumstances of not obtaining the financing.

11 19. Respondents' statements about the ownership of the claims were misleading because  
12 Respondents failed to disclose the nature and risks involved in the exploitation of the claims.

13 20. Respondents failed to disclose the track record of Ashworth in prior securities  
14 offerings: that in 1996 Olson invested in an oil drilling operation through Ashworth and that the  
15 investors in that deal have not received any return; that the State of Wisconsin issued a March  
16 29, 1995, Order of Prohibition and Revocation of Exemptions against Ashworth alleging the sale  
17 of unregistered securities by an unlicensed agent of an unlicensed broker-dealer and anti-fraud  
18 violations; that the State of Virginia issued a December 8, 1994, Order of Permanent Injunction  
19 and a \$12,000 fine against Ashworth; and that the State of Pennsylvania issued a February 25,  
20 1999, Summary Cease and Desist against Ashworth.

21 21. Respondents failed to disclose information necessary for the investors to make an  
22 informed decision including the risks of the offering, the management of PRM, the investment  
23

1 fees, the status of PRM's and MPGMC's finances, and PRM's and MPGMC's financial  
2 statements.

### 4 **REGISTRATION STATUS**

5 22. The PRM capital contributions are not registered as securities in the State of  
6 Washington and have not previously been so registered.

7 23. Respondent, Machu Picchu Gold Mining Corporation, is not registered to sell  
8 securities in the State of Washington as a broker-dealer and has not previously been so  
9 registered.

10 24. Respondents, Douglas Cyr, Douglas Ashworth, and Thomas Olson, are not licensed as  
11 securities salespersons or broker-dealers in the State of Washington and have not previously  
12 been so registered.

### 14 **EMERGENCY**

15 25. The Securities Administrator finds that an emergency exists and that continued  
16 violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140 by recent investor contacts  
17 and solicitation of additional funds from investors through email constitute a threat to the  
18 investing public, and that entering a Summary Order to Cease and Desist from those violations is  
19 in the public interest and necessary for the protection of the investing public.

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

24 SUMMARY ORDER TO CEASE AND DESIST

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DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 **CONCLUSIONS OF LAW**

2 26. The offer or sale of capital contributions or investment contracts described above  
3 constitutes the offer or sale of a security as defined in RCW 21.20.005(10) and (12).

4 27. Respondents, Douglas Cyr, Douglas Ashworth, and Thomas Olson, acted as a  
5 securities salesperson or broker-dealers as defined in RCW 21.20.005(2).

6 28. Respondents, Douglas Cyr, Douglas Ashworth, and Thomas Olson, have violated  
7 RCW 21.20.040 by offering and/or selling said securities while not registered as a securities  
8 salesperson or broker-dealers in the State of Washington.

9 29. Respondents, Peruvian Resources Management USA, LLC, Machu Picchu Gold  
10 Mining Corporation, Douglas Cyr, Douglas Ashworth, and Thomas Olson, have violated RCW  
11 21.20.140 by offering and/or selling an unregistered security.

12 30. The offer and/or sale of said securities was made in violation of RCW 21.20.010  
13 because, as set forth above, Respondents, Peruvian Resources Management USA, LLC; Machu  
14 Picchu Gold Mining Corporation; Douglas Cyr; Douglas Ashworth; and Thomas Olson, in  
15 connection with the offer and sale of a security, made untrue statements of material fact or  
16 omitted to state material facts necessary in order to make the statements made, in light of the  
17 circumstances under which they were made, not misleading.

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1 **SUMMARY ORDER**

2 Based on the foregoing,

3 NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that Respondents,  
4 Peruvian Resources Management USA, LLC; Machu Picchu Gold Mining Corporation; Douglas  
5 Cyr; Douglas Ashworth; and Thomas Olson, their agents and employees, each cease and desist  
6 from offering or selling securities in any manner in violation of RCW 21.20.140, the section of  
7 the Securities Act of Washington requiring registration of securities.

8 It is further SUMMARILY ORDERED that Respondents, Peruvian Resources  
9 Management USA, LLC; Machu Picchu Gold Mining Corporation; Douglas Cyr; Douglas  
10 Ashworth; and Thomas Olson, their agents and employees, each cease and desist from violation  
11 of RCW 21.20.010, the anti-fraud section of the Securities Act.

12 It is further SUMMARILY ORDERED that Machu Picchu Gold Mining Corporation,  
13 Douglas Cyr, Douglas Ashworth, and Thomas Olson each cease and desist from violation of  
14 RCW 21.20.040, the section of the Securities Act that requires registration of securities  
15 salespersons and broker-dealers.

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17 **NOTICE OF INTENT TO IMPOSE FINES AND RECOVER COSTS**

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

- 20 a. Respondent, Peruvian Resources Management USA, LLC, shall be liable for and pay to  
21 the Securities Division (1) a fine of \$35,000 and (2) the costs, fees, and other expenses incurred  
22 in the conduct of investigating this matter, in any amount not less than \$1,000.



1 b. Respondent, Machu Picchu Gold Mining Corporation, shall be liable for and pay to the  
2 Securities Division (1) a fine of \$35,000 and (2) the costs, fees, and other expenses incurred in  
3 the conduct of investigating this matter, in any amount not less than \$1,000.

4 c. Respondent, Douglas Cyr, shall be liable for and pay to the Securities Division (1) a fine  
5 of \$35,000 and (2) the costs, fees, and other expenses incurred in the conduct of investigating  
6 this matter, in any amount not less than \$1,000.

7 d. Respondent, Douglas Ashworth, shall be liable for and pay to the Securities Division (1)  
8 a fine of \$50,000 and (2) the costs, fees, and other expenses incurred in the conduct of  
9 investigating this matter, in any amount not less than \$1,000.

10 e. Respondent, Thomas Olson, shall be liable for and pay to the Securities Division (1) a  
11 fine of \$30,000 and (2) the costs, fees, and other expenses incurred in the conduct of  
12 investigating this matter, in any amount not less than \$1,000.

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1 **AUTHORITY AND PROCEDURE**

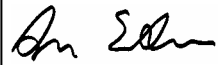
2 This Order is entered pursuant to the provisions of RCW 21.20.390 and is subject to the  
3 provisions of RCW 34.05. The Respondents, Peruvian Resources Management USA, LLC;  
4 Machu Picchu Gold Mining Corporation; Douglas Cyr; Douglas Ashworth; and Thomas Olson,  
5 may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY  
6 TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order.

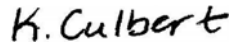
7 If a respondent does not request a hearing, the Securities Administrator intends to adopt  
8 the above Tentative Findings of Fact and Conclusions of Law as final and make the summary  
9 order to cease and desist permanent as to that respondent and impose the fines and the costs  
10 sought in this order.

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12 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

13 Dated this 18th day of May, 2005

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16   
17 MICHAEL E. STEVENSON  
Securities Administrator

18 Approved by:  
19   
20 Suzanne Sarason  
21 Chief of Compliance

Presented by:  
22   
23 Kristen Culbert  
24 Financial Legal Examiner