

Division of Securities
Utah Department of Commerce
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Salt Lake City, UT 84114-6760
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BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF:

**TIN CUP MINING CORPORATION, and
GILES H. FLORENCE**

Respondents

**STIPULATION AND CONSENT
ORDER**

**Docket No. SD-07-0085
Docket No. SD-07-0086**

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Michael Hines, and Tin Cup Mining Corporation and Giles H. Florence, hereby stipulate and agree as follows:

1. Tin Cup Mining Corporation (Tin Cup Mining) and Giles H. Florence (Florence) were the subject of an investigation conducted by the Division into allegations that they violated certain provisions of the Utah Uniform Securities Act (the Act). Utah Code Ann. § 61-1-1, *et seq.*, as amended.
2. In connection with that investigation, the Division issued an Order to Show Cause against

them on December 7, 2007, alleging securities fraud. Criminal charges were also filed against Florence in connection with the investigation.¹

3. On December 12, 2007, Respondents filed a response to the Order to Show Cause, contesting the allegations. The administrative matter was stayed on February 15, 2008, pending resolution of the criminal matter. The parties have now agreed to resolve this matter by way of a stipulation and consent order.
4. Respondents are represented by Attorney Lee Bishop in this matter and are satisfied with the representation they have received.
5. Respondents consent to jurisdiction of the Division over them and over the subject matter of this action.
6. By entering into this stipulation and consent order, Respondents neither admit nor deny the Division's findings and conclusions, but waive any right to a hearing to challenge the Division's evidence and present evidence on his behalf.
7. Respondents consent to the sanctions below and acknowledge that this stipulation and consent order does not affect any enforcement action that might be brought by a criminal prosecutor or any other local, state, or federal enforcement authority.

I. THE DIVISION'S FINDINGS OF FACT

¹*State of Utah v. Giles H. Florence*, Case No. 081900760, Third Judicial District Court of Utah (2008). Florence later pleaded guilty to three counts of securities fraud, second degree felonies, and was ordered to pay \$112,000 in restitution on April 24, 2009.

THE RESPONDENTS

8. Tin Cup Mining was a Nevada corporation from 1998 to 2006 when its corporate status was revoked. Giles H. Florence was the president and treasurer of Tin Cup Mining. Tin Cup Mining is not registered as an entity in Utah.
9. Florence resides in Salt Lake County, Utah.

GENERAL ALLEGATIONS

10. Between December 2002 and May 2003, Florence collected a total of \$160,525 from three Utah investors.
11. Florence told investors their money would be used to get production started at two gold mines owned by Tin Cup Mining.
12. Florence promised some investors returns in excess of 300% in a matter of months, paid in cash and in gold obtained from the mines.
13. Florence gave investors signed promissory notes, some of which were in the form of a "Gold Bullion Contract," to evidence their investments.
14. With the exception of one small payment to an investor, Florence and Tin Cup Mining made no payments of interest or principal to any of their investors.

Investor MA

15. In December 2002, in Salt Lake County, Utah, investor MA met with Florence to discuss an investment opportunity in Tin Cup Mining.

16. Florence told MA that Florence's company, Tin Cup Mining, needed funds to begin immediate gold production from its mines in Nevada and California.
17. Florence told MA that Tin Cup Mining owned all the milling and mining equipment near the Nevada mine site, and that production would begin immediately.
18. On or about December 13, 2002, Florence and MA entered into a "Gold Bullion Contract." MA agreed to invest \$32,350 into Tin Cup Mining in return for 200 ounces of gold (valued at a minimum of \$64,700) which would be produced from the Nevada mine before July 15, 2003. According to the contract, if the mine produced no gold, Tin Cup Mining and Florence would return MA's principal and pay him 6% interest by July 15, 2003.
19. On December 13, 2002, MA invested \$32,350 with Tin Cup Mining and Florence by cashier's check made payable to Tin Cup Mining.
20. On or about January 6, 2003, in Salt Lake County, Utah, Florence asked MA to invest \$16,175 into a second Gold Bullion Contract with Tin Cup Mining.
21. Florence guaranteed MA that gold production would occur within 45 to 120 days. In addition, Florence told MA that, if he invested, MA could purchase additional gold bullion from Tin Cup Mining at a 50% discount.
22. On January 6, 2003, MA invested \$16,175 with Tin Cup Mining and Florence. by cashier's check made payable to Tin Cup Mining.

23. MA received another Gold Bullion Contract in return for his investment, stating that MA would receive 100 ounces of gold (valued at a minimum of \$32,350) produced from the Nevada or California mine, on or before July 15, 2003. The contract also provided that, in the event of default, MA would receive his principal investment in addition to 6% interest by July 15, 2003.
24. On or about January 31, 2003, in Salt Lake County, Utah, Florence asked MA to loan Tin Cup Mining \$20,000 for a ninety-day short-term operating loan to assist with current operating expenses.
25. Florence told MA that, with the additional money, the California mine could be producing gold immediately.
26. On January 31, 2003, MA gave Florence a cashier's check for \$20,000 made payable to Tin Cup Mining.
27. In return, Florence gave MA a promissory note, stating that MA would receive his principal within 90 days, and 200 ounces of gold from the Nevada or California mine within eight months of signing the note.
28. On or about February 19, 2003, in Salt Lake County, Utah, Florence asked MA for a second loan of \$20,000 to Tin Cup Mining for a short-term operating loan to get the Nevada and California mines into production.
29. Florence told MA the mining operations were ready to produce gold but needed a short-

term loan to meet expenses.

30. Florence promised to pay MA his principal with 100% interest within 30 days.
31. On February 19, 2003, MA gave Florence two personal checks totaling \$20,000, made payable to Tin Cup Mining.
32. In return, Florence gave MA a promissory note, stating that MA would receive his principal plus interest of 100% in 30 days. The note was signed by Florence on behalf of Tin Cup Mining.
33. Since making his investments with Florence and Tin Cup Mining, MA has received one payment of \$6,000.
34. Florence and Tin Cup Mining still owe MA \$88,525 in principal alone.

Investor SA

35. On or about March 24, 2003, in Salt Lake County, Utah, Florence asked SA to loan \$20,000 to Tin Cup Mining for a sixty-day loan to assist with operating expenses.
36. Florence told SA he would receive his principal plus 100% interest within 60 days. In addition, Florence told SA he would receive 100 ounces of gold bullion within six months of the beginning of production at the Nevada and California mines, which was supposed to begin immediately.
37. On March 24, 2003, SA invested \$20,000 in Tin Cup Mining, via wire transfer to Tin Cup Mining's bank account.

38. In return for SA's investment, he received a promissory note from Florence, which appears to have been signed by Florence on behalf of Tin Cup Mining. The note stated that SA would receive his principal plus interest of 100% in 30 days.
39. The note stated that SA would receive his principal plus 100% interest in 30 days.
40. Prior to accepting SL's investment funds, Florence failed to tell SA, among other things, that he and Tin Cup Mining had already defaulted on a prior investor's promissory note (MA's February 19th, 2003 note).
41. Florence and Tin Cup Mining failed to pay SA his principal or interest, and still owe SA \$20,000 in principal alone.

Investor SL

42. On or about April 7, 2003, Florence asked SL to loan \$20,000 to Tin Cup Mining for a short-term loan to assist with operating expenses.
43. Florence to SL he would receive his principal within six months and an additional \$20,000 for interest.
44. On or about April 7, 2003, SL invested \$20,000 in Tin Cup Mining, via wire transfer to Tin Cup Mining's bank account.
45. In return. Florence gave SL a promissory note for \$20,000, stating that SL would receive his principal plus interest of 100% in six months. The note appears to have been signed by Florence.

46. On or about May 12, 2003, in Salt Lake County, Utah, Florence asked SL to loan \$12,000 to Tin Cup Mining to assist with operating expenses.
47. Florence told SL that in return he would receive the \$40,000 Florence owed SL from SL's first investment, on or before June 7, 2003, and an additional \$40,000 from gold production or other available funds within six months of the start of mining.
48. On or about May 12, 2003, SL invested \$12,000 with Florence and Tin Cup Mining via wire transfer to Tin Cup Mining's account. In return, Florence gave SL a promissory note for \$12,000 with the promised terms. The note appears to have been signed by Florence.
49. On or about July 9, 2003, SL invested an additional \$20,000 with Florence and Tin Cup Mining via wire transfer to Tin Cup Mining's account. This investment was to be added to SL's first investment of \$20,000, and be subject to the terms contained in the first promissory note (principal plus 100% interest in 6 months).
50. On July 10, 2003, Florence signed a receipt acknowledging the receipt of SL's \$20,000, and gave the receipt to SL.
51. Prior to accepting any of SL's investment funds, Florence failed to tell SL, among other things, that he and Tin Cup Mining had defaulted on two promissory notes, each in the amount of \$20,000, given to a prior investor.

52. Florence and Tin Cup Mining failed to pay SL any principal or interest on any of his investments, and still owe SL \$52,000 in principal alone.

SECURITIES FRAUD

53. In connection with the offer and sale of a security to a Utah investor, Florence and Tin Cup Mining, directly and /or indirectly, made the following misstatements of material fact:
- a. Florence told MA the mining and production from the mines would begin immediately, when in fact, Florence had no reasonable basis on which to make this representation;
 - b. Florence told MA the mining and milling equipment was owned by Tin Cup Mining, when in fact, a different entity controlled by Florence (F&S Enterprises) owned the equipment; and
 - c. Florence led MA to believe that Tin Cup Mining owned the Nevada and California mining claims, when in fact, Tin Cup Mining did not own the claims..
54. In connection with the offer and sale of a security to a Utah investor, Florence and Tin Cup Mining, directly and/or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make the representations mentioned above not misleading:

- a. Respondents failed to inform SA that they had defaulted on a promissory note owed to investor MA in the amount of \$20,000;
- b. Respondents failed to inform SL that they had defaulted on two promissory notes owed to MA, both in the amount of \$20,000;
- c. Respondents failed to provide investors with some or all of the information typically provided in an offering circular or prospectus regarding Tin Cup Mining, such as:
 - i. The business and operating history for Tin Cup Mining;
 - ii. Identities of the principals for Tin Cup Mining, along with their experience with gold mining;
 - iii. Financial statements for Tin Cup Mining;
 - iv. The market for Tin Cup Mining's product(s);
 - v. The nature of the competition for the product(s);
 - vi. The current capitalization for Tin Cup Mining;
 - vii. A description of how the investment would be used by Tin Cup Mining;
 - viii. The track record of Tin Cup Mining to investors;
 - ix. Risk factors for investors;
 - x. The number of other investors;

- xi. The minimum capitalization needed to participate in the investment;
- xii. The disposition of any investments received if the minimum capitalization were not achieved;
- xiii. The liquidity of the investment;
- xiv. Discussion of pertinent suitability factors for the investment;
- xv. The proposed use of the investment proceeds;
- xvi. Any conflicts of interest the issuer, the principals, or the agents may have with regard to the investment;
- xvii. Agent commissions or compensation for selling the investment;
- xviii. Whether the investment is a registered security or exempt from registration;
and
- xix. Whether the person selling the investment is licensed.

II. THE DIVISION'S CONCLUSIONS OF LAW

55. Based on the Division's investigative findings, the Division concludes that:
- a. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act;
 - b. Respondents violated § 61-1-1(2) of the Act by misstating and omitting to state

material facts in connection with the offer and sale of a security.

III. REMEDIAL ACTIONS/SANCTIONS

56. Respondents consent to the sanctions below without admitting or denying the Divisions findings and conclusions.
57. Respondents represent that any information they provided to the Division as part of the Division's investigation of this matter is accurate.
58. Florence agrees that he will be barred from (i) associating² with any broker-dealer or investment adviser licensed in Utah; and (ii) acting as an agent for any issuer soliciting investor funds in Utah.

IV. FINAL RESOLUTION

59. Respondents acknowledge that this Order, upon approval by the Securities Commission shall be the final compromise and settlement of this matter.
60. Respondents further acknowledge that if the Securities Commission does not accept the

²“Associating” includes, but is not limited to, acting as an agent of, receiving compensation directly or indirectly from, or engaging in any business on behalf of a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah. “Associating” does not include any contact with a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah incidental to any personal relationship or business not related to the sale or promotion of securities or the giving of investment advice in the State of Utah.

terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.

61. Respondents acknowledge this Order does not affect any criminal causes of action that may have already arisen as a result of their conduct referenced herein.
62. The Stipulation and Consent Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect the Order in any way.

Utah Division of Securities

Date:

3/15/11

By:

[Signature]

Michael Hines
Director of Enforcement

Respondent Florence

Date:

March 8 - 2011

By:

[Signature]

Giles H. Florence

Approved:

[Signature]

Jeff Buckner
Assistant Attorney General
D.H.

Approved:

[Signature]

Lee Bishop
Attorney for Respondents

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
2. Respondents neither admit nor deny the Division's findings and conclusions and consent to the sanctions below being imposed by the Division.
3. Giles H. Florence is barred from (i) associating with any broker-dealer or investment adviser licensed in Utah; and (ii) acting as an agent for any issuer soliciting investor funds in Utah.

BY THE UTAH SECURITIES COMMISSION:

DATED this 26th day of May, 2011.

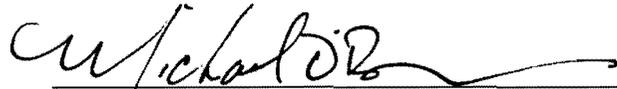


Tim Bangerter

Jane Cameron


Erik Christiansen

Laura Polacheck

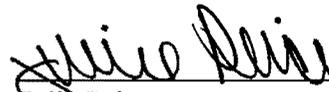

Michael O'Brien

CERTIFICATE OF MAILING

I, Julie Price, hereby certify that on the 1st day of June 2011, I mailed, by certified mail, a true and correct copy of the forgoing **Stipulation and Consent Order** to:

Tin Cup Mining Corporation
Giles H. Florence
c/o Attorney Lee Bishop
4700 South 900 East # 41-A
Murray, UT 84117

Certified Receipt #: 7007 0220 0001 0063 5762



Julie Price
Executive Secretary