



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
MICHAEL PEREGRINE; and) Case No. AP-18-06
OWEN K. STEPHENSON)
)
 Respondents.)

CONSENT ORDER AS TO RESPONDENT MICHAEL PEREGRINE

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Enforcement Counsel Desiree J. Vitale, has alleged that Michael Peregrine (“Peregrine”) offered and/or sold unregistered, non-exempt securities in the state of Missouri in violation of 409.3-301¹ and omitted to state material facts or engaged in an act, practice, or course of business that would operate as fraud or deceit upon another person in connection with the offer or sale of a security in violation of 409.5-501, and that this conduct constitutes grounds to issue an order pursuant to Section 409.6-604.
2. Respondent and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the Respondent’s alleged violations of Sections 409.3-301 and 409.5-501.

CONSENT TO JURISDICTION

3. Respondent and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities (“Commissioner”) has jurisdiction over Respondent and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. Respondent and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides:

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

¹ Unless otherwise noted, all statutory references are to the 2016 Revised Statutes of Missouri.

WAIVER AND EXCEPTION

5. Respondent waives Respondent's right to a hearing with respect to this matter.
6. Respondent waives any right that Respondent may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondent specifically forever release and hold harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
7. Respondent stipulates and agrees with the Enforcement Section that, should the facts contained herein prove to be false or incomplete in a material way, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.

CONSENT TO COMMISSIONER'S ORDER

8. Respondent and the Enforcement Section stipulate and agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondent agrees not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondent's (a) testimonial obligations; (b) right to take legal or factual positions in connection with litigation, arbitration, or other legal proceeding in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondent agrees that Respondent is not the prevailing parties in this action since the parties have reached a good faith settlement.
11. Respondent neither admits nor denies the allegations made by the Enforcement Section, but consent to the Commissioner's Findings of Fact, Conclusions of Law, and Order as set forth below for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

COMMISSIONER'S FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

12. CTGX Mining, Inc. ("CTGX") was a corporation created in the state of Florida on December 18, 2004. On or around June 15, 2015, CTGX changed its name to CHCX Resources, Inc. ("CHCX"). Its registered agent was Business Filings Incorporated, 1200 South Pine Island Road, Plantation, Florida 33324. CHCX was administratively dissolved on September 23, 2016.

13. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by CTGX or CHCX.
14. Peregrine is a 60 year-old Missouri resident with a last known address of 13221 North Lincoln Street, Westboro, Missouri 64498-2539. According to Florida business filings, Peregrine served as Chief Operating Officer for CTGX.
15. A check of the Central Registration Depository (“CRD”) indicates that at all times relevant, Peregrine was not registered as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, and/or issuer agent.
16. Owen K. Stephenson (“Stephenson”) is an 82 year-old California resident with a last known address of 655 Enterprise Drive, Building 1113, Rohnert Park, California 94928-2416.
17. A check of the CRD indicates that at all times relevant, Stephenson was not registered as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, and/or issuer agent.
18. Stephenson was convicted of, among other things, wire and mail fraud in California in 1979, mail fraud in California in 1982, and mail fraud and money laundering in Oklahoma in 2000.
19. John Daniel Deeter (“Deeter”) is a 75 year-old Florida resident with a last known address of 11420 US Highway 1, #107, North Palm Beach, Florida, 33408-3226. Deeter served as Chief Executive Officer for CTGX.
20. A check of the CRD indicates that at all times relevant, Deeter was not registered as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, and/or issuer agent.
21. In or around April 2005, Deeter was convicted of two counts of securities fraud in the Western District of Virginia.

Investment in CTGX stock

22. Missouri Resident (“MR”) has been friends with Peregrine since they met in high school.
23. In or around June 2014, Peregrine solicited MR to invest in CTGX common stock. Peregrine told MR, among other things, that CTGX mined gold, silver, diamonds, and bought and sold real estate.

24. Peregrine did not disclose any risks involved in the investment to MR, but did indicate that MR would “get rich” and could recoup the investment with substantial interest within six months.
25. MR knew that Peregrine was associated with CTGX, but did not know Peregrine’s position in the company.
26. On or around June 20, 2014, using wire instructions provided by Peregrine, MR wired \$100,000 to a bank account that MR thought was associated with CTGX.
27. The funds were wired to a US Bank account that had no association with CTGX, but in which Stephenson was a signatory.
28. Unbeknownst to MR, the stock was purchased from Peregrine’s personal stock in CTGX and not directly from CTGX.
29. Not long after making the investment, MR received a stock certificate in the mail that indicated MR owned 300,000 shares of common stock in CTGX. The stock certificate was signed by Deeter.
30. From 2015 through 2017, MR texted Peregrine numerous times and expressed concern with Peregrine about the investment. MR told Peregrine that MR could not afford to lose the investment. Peregrine told MR to “hang in there” and explained what the company was doing to bring value to the CTGX stock, such as mergers and/or acquisitions.
31. MR asked Peregrine for statements from CTGX but never received them.
32. Prior to the investment, MR was not told about Deeter’s felony conviction. Had MR known this information, MR would not have made the investment.
33. MR was unaware that at the time MR purchased the stock, it was trading for \$.08 per share in the over-the-counter market. MR paid over \$.33 per share for this transaction.
34. To date, MR has not received any money in return for MR’s investment.

Communication with Respondents

35. On July 11, 2017, Peregrine responded to a letter the Enforcement Section sent him. Among other things, Peregrine stated he has known MR several years and that MR is the only Missouri investor in CTGX.
36. Peregrine indicated he received no commissions or other fees for MR’s investment.

37. On September 12, 2017, Peregrine called the Enforcement Section and said that he was aware that Deeter “had issues” but didn’t disclose this information to MR prior to MR’s investment.
38. Peregrine could not explain to the Enforcement Section why the stock was sold for over \$.33 per share when MR could have purchased the stock over-the-counter for \$.08 per share.
39. Peregrine admitted to the Enforcement Section that MR’s funds were wired to a US Bank account in which Stephenson was signatory. Peregrine purported the funds were invested through Stephenson.
40. On August 24, 2017, the Enforcement Section received a written response from Stephenson in which he states, among other things, that he was introduced to Peregrine through Deeter, a family friend.
41. Stephenson was aware that Peregrine sold MR stock from Peregrine’s personal portfolio. Peregrine, who was going through a divorce at that time, asked Stephenson if the investment funds from MR could be deposited into Stephenson’s trust account. Stephenson agreed to the arrangement and purported the funds were to be transferred to Peregrine’s personal account in the same bank.

Bank Record Review

42. A review of Stephenson’s US Bank account ending in #6254 from May 16, 2014 to August 15, 2014 revealed, among other things, the following:
 - a. a beginning balance of \$27.86 on May 16, 2014;
 - b. deposits totaling \$108,003.17 that included:
 - i. a \$100,000 wire from MR deposited June 20, 2014; and
 - ii. a \$6,000 check from an unknown individual deposited August 14, 2014;
 - c. more than \$12,400 in payments to convenience stores, grocery stores, restaurants Target, Macy’s, utility companies, hotels & casinos, and airline companies;
 - d. ATM withdrawals totaling \$4,488.50;
 - e. customer withdrawals totaling \$24,500;
 - f. \$24,360.49 in checks written to unknown people and entities;
 - g. \$23,000 in payments via wire to Peregrine;

- h. \$15,500 in payments via wire to an unknown individual; and
- i. ending balance of \$3,545.39 on August 15, 2014.

II. CONCLUSIONS OF LAW

- 43. The Commissioner finds that Respondent offered and/or sold unregistered, non-exempt securities in the state of Missouri in violation of 409.3-301 and omitted to state material facts or engaged in an act, practice, or course of business that would operate as fraud or deceit upon another person in connection with the offer or sale of a security in violation of 409.5-501, and that this conduct constitutes grounds to issue an order pursuant to Section 409.6-604.
- 44. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondent and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondent and this matter and that the following Order is in the public interest, necessary for the protection of public investors and consistent with the purposes intended by Chapter 409.

III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

- 45. Respondent, their agents, employees and servants, and all other persons participating in the above-described violations with knowledge of this order are permanently enjoined and restrained from engaging in violations of Sections 409.3-301 and 409.5-501.
- 46. Respondent shall pay \$100,000.00 in restitution, plus \$36,048.90 interest, calculated at the rate of eight percent per annum. This payment shall be sent within 60 days of the effective date of this Consent Order and shall be payable to the Missouri Secretary of State's Investor Restitution Fund and sent to the Securities Division at 600 West Main Street, Jefferson City, Missouri 65101. The Commissioner will take reasonable and necessary actions to distribute such funds to the investor.
- 47. Respondent shall pay \$5,000 to the Missouri Secretary of State's Investor Education and Protection Fund. This payment shall be sent within 60 days of the effective date of this Consent Order to the Securities Division at 600 West Main Street, Jefferson City, Missouri 65101, and shall be payable to the Missouri Secretary of State's Investor Education and Protection Fund.
- 48. Respondent shall pay \$4,364.70 as the cost of this investigation. This amount shall be sent within 60 days of the effective date of this Consent Order to the Securities Division at 600 West Main Street, Jefferson City, Missouri 65101, and shall be payable to the Missouri Secretary of State's Investor Education and Protection Fund. The Division will send the money to the Missouri Secretary of State's Investor Education and Protection Fund.


49. Respondent shall pay his own costs and attorneys' fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 23rd DAY OF AUGUST 2018.




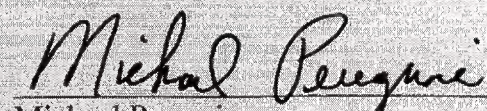
JOHN R. ASHCROFT
SECRETARY OF STATE


DAVID M. MINNICK
COMMISSIONER OF SECURITIES

Consented to by:

THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION


Desiree J. Vitale
Enforcement Counsel
Counsel for Petitioner


Michael Peregrine
Respondent, pro se