FILED
U.S. DISTRICT COURT
DISTRICT OF COLORADO

'98 MAY -7 A8:02

JAMES R. MANSPEAKER CLERK

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

UNITED STATES SECURITIES AND EXCHANGE COMMISSION, PLAINTIFF, V. GOLDEN EAGLE INTERNATIONAL, INC., RONALD A. KNITTLE, MARY A. ERICKSON, GREGORY G. VERNON, TIMBERLINE CONSULTANTS, INC., AND PAUL B. VERNON, DEFENDANTS.	CIVIL ACTION NO: 98-Z-1020

COMPLAINT

I. SUMMARY

Plaintiff, the United States Securities and Exchange Commission ("Commission" or "SEC"), alleges that:

1) This matter involves a scheme to defraud the investing public. In furtherance of the scheme, from late 1994 through at least mid-1996 defendants made numerous false and misleading public statements concerning the business activities of Golden Eagle International, Inc. ("Golden Eagle"). These claims involved representations that Golden Eagle owned and operated

valuable mining properties. In addition, it was falsely claimed that Golden Eagle's mineral properties had substantial and valuable mineral reserves. In addition to conditioning the securities markets through false public statements, defendants also distributed massive amounts of unregistered Golden Eagle stock into those markets, thereby creating a market for Golden Eagle stock. Throughout this period the stock of Golden Eagle publicly traded in the over-the-counter markets and Golden Eagle filed periodic reports with the Commission. Golden Eagle received at least $662,000 from public sales of its stock into the conditioned market.

2) Pursuant to the scheme, while fraudulently conditioning the securities markets, defendants engaged in a massive distribution of unregistered Golden Eagle stock to the public. Starting in November 1994 and continuing thereafter, approximately 1.7 million shares of Golden Eagle stock beneficially owned by the control persons of Golden Eagle were publicly sold in violation of the registration provisions of the securities laws (as described in detail in paragraphs 33-37).

3) The Commission seeks a permanent injunction prohibiting each of the defendants from future violations of various provisions of the federal securities laws as further set forth below. Each of the defendants, unless restrained and enjoined by

this Court, will in the future engage in the acts, practices and courses of business alleged in this Complaint and in acts, practices and courses of business of similar purport and object. The Commission also seeks other equitable relief against certain defendants including an accounting, disgorgement of ill-gotten gains, and pre-judgment and post-judgment interest.

4) The Commission also requests all defendants except Golden Eagle be ordered to pay statutory civil penalties pursuant to Section 20(d) of the Securities Act of 1933, as amended, ("Securities Act"), [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Securities Exchange Act of 1934, as amended, ("Exchange Act"), [15 U.S.C. § 78u(d)(3)].

II. JURISDICTION AND VENUE

5) This Court has jurisdiction over the subject matter of this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(e) and 78a(a)].

6) Certain of the acts, practices and courses of business constituting the violations of law alleged here occurred in, and all defendants reside in, or are incorporated in, the District of Colorado.

7) Each of the defendants has made use of the means or instrumentalities of interstate commerce and of the mails in

connection with the acts, practices, and courses of business alleged here.

8) The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)] to restrain and enjoin the defendants from engaging in violations of the federal securities laws.

III. DEFENDANTS

9) Golden Eagle International, Inc. ("Golden Eagle") is a Colorado corporation formerly known as Beneficial Capital Financial Services Corporation ("BenCap"), with its primary offices in Denver, Colorado. Defendants Knittle and Erickson took control of BenCap on November 8, 1994. The company's name was changed to Golden Eagle on February 2, 1995 and unless otherwise noted in this Complaint will be referred to as Golden Eagle.

10) Ronald A. Knittle ("Knittle"), age 45, and a resident of Parker, Colorado, was president, chief executive officer, and chairman of Golden Eagle from on November 8, 1994, until May 1996 when he resigned those positions. He has continued to work for Golden Eagle since that date. Since November 8, 1994, Knittle and his wife, Mary Erickson, have directed and controlled

the day-to-day activities of Golden Eagle, including those described in this Complaint.

11) Mary A. Erickson ("Erickson"), age 40, and a resident of Parker, Colorado, is Knittle's wife and the sole shareholder and control person of Golden Eagle Mineral Holdings, Inc., ("Golden Eagle Mineral") a Colorado corporation which has owned over 50% of Golden Eagle stock since November 1994. Erickson has been a director of Golden Eagle since November 8, 1994. She was secretary/treasurer of Golden Eagle from November 8, 1994, until July 4, 1996, and from February 14, 1997, until the present. She was president of Golden Eagle from July 4, 1996, until February 14, 1997.

12) Gregory G. Vernon ("Greg Vernon"), age 50, and a resident of Evergreen, Colorado, prepared fraudulent public and investor relations materials for Golden Eagle during 1994 and 1995.

13) Timberline Consultants, Inc. ("Timberline") is a Colorado corporation with its offices located in Parker, Colorado. Since November 1994 Greg Vernon has been the sole owner, sole employee and responsible for all day-to-day business activities of Timberline.

14) Paul B. Vernon ("Paul Vernon"), age 44, and a resident of Aurora, Colorado, is Greg Vernon's brother. Paul Vernon

acted as a nominee for Knittle in facilitating the distribution of Golden Eagle stock described in this Complaint and filed a materially false Schedule 13D with the Commission.

IV. FACTS

A. Background

15) BenCap filed a Form 10 with the Commission on June 17, 1994 to pursuant to the Exchange Act.

16) On November 8, 1994, Knittle and Erickson acquired a controlling interest in BenCap through a "reverse acquisition" whereby Golden Eagle Mineral was issued a majority of the stock of BenCap in exchange for a promissory note. Golden Eagle common stock has publicly traded over-the-counter from December 1994 through the present. As a result of the scheme, it reached a high bid price of $6.25 per share. As of April 17, 1998, Golden Eagle's common stock was quoted at a bid price of only $0.10 per share.

B. Distribution of False Public Statements Touting Golden Eagle Stock by Golden Eagle, Knittle, Erickson, Timberline, and Greg Vernon

17) From approximately October 1994 through at least mid-1995, Knittle, Erickson, Timberline, and Greg Vernon worked together to write, produce, and distribute to broker-dealers and the public several brochures and other advertisements promoting investment in Golden Eagle stock. All of these documents con-

tained numerous false and misleading statements, including but not limited to those described below in paragraphs 18-22. Golden Eagle, Knittle, Erickson, Timberline, and Greg Vernon knew or were reckless in not knowing these statements were false and misleading or were without reasonable basis. These documents included:

a) A brochure dated October 1994 and titled "Golden Eagle Minerals";

b) Two advertisements in November and December 1994 in The Wall Street Journal titled "Financial Focus Report";

c) A two-page Corporate Profile dated January 1995 and titled "Golden Eagle Minerals, Inc.";

d) A four-page glossy brochure dated February 1995 and titled "Golden Eagle International, Inc. Silver Bar Mine"; and

e) A brochure titled "Golden Eagle International, Inc. Silver Bar Mine" created in about February 1995 including a business plan and other detail regarding the Silver Bar Mine.

18) The October 1994 "Golden Eagle Minerals" brochure:

a) Falsely represented that "Golden Eagle Minerals" had "agreements in place to acquire four [mineral] properties" when in fact, Knittle and Erickson had only begun negotiations to acquire properties, did not have the financial ability to acquire or develop any properties, and had performed no investigation of the properties; and

b) Falsely indicated that an entity known as "Golden Eagle Minerals" actually existed; and

c) Falsely claimed a California property had 90,000 ounces of gold reserves worth $20 million which could be recovered in four months or less, when in fact there was no reasonable basis to claim such reserves and various environmental restrictions would prevent mining the property for at least 18 months to two years.

19) The advertisements in the Wall Street Journal:

a) Falsely stated that "Golden Eagle Minerals" had contracts to acquire reserves, including 3 million ounces of gold and 1 billion pounds of copper, when in fact no such entity existed, Knittle had only begun negotiations to acquire properties, no reserves had been established on any of the properties under negotiation, and there was no reasonable factual basis to claim the existence of any reserves;

b) Falsely stated that management had more than a century of mining experience when in fact Knittle and Erickson had no prior experience in the mining industry;

c) Falsely claimed Golden Eagle owned a "patented copper recovery process" when in fact the process had not been proven to work and Golden Eagle did not have any rights to the patent or the process (December advertisement only); and

d) Represented that Golden Eagle was "extremely undervalued" when no reasonable basis for such assertions existed (December advertisement only).

20) The January 1995 Corporate Profile:

a) Falsely stated that "Golden Eagle Minerals, Inc." had agreements in place to purchase five mineral properties, when in fact Knittle had merely signed letters of intent on behalf of Golden Eagle Mineral (Erickson's wholly owned company) and commenced negotiations to acquire the properties. Further Golden Eagle had insufficient financial resources to complete the purchases and was in default under the terms of one letter of intent (concerning the Silver Bar Mine);

b) Falsely stated that the properties had gold reserves, when in fact no reserves had been established on any of the properties under negotiation and there was no reasonable basis to claim any reserves on the properties, and substantial funds and time were needed to delineate any ore reserves on any of the properties and to determine whether mining could be economically conducted.

21) The February 1995 brochure titled "Golden Eagle International, Inc. Silver Bar Mine":

a) Featured the Silver Bar Mine, a property in Arizona, as Golden Eagle's premier property, but omitted to state the precise nature of Golden Eagle's interest in the mine. In fact, Golden Eagle had signed a letter of intent to purchase a portion of the property, but was in default under the terms of that letter of intent, did not have the financial ability to cure the default, and the other party to the letter of intent had refused to go forward with the transaction;

b) Falsely stated that the Silver Bar Mine had "current reserves" of gold, silver, and copper, with "gross value" in excess of $2.8 billion, when in fact such reserves had not been established and there was no reasonable factual basis for claiming any such reserves;

c) Falsely stated that gold, silver, and copper could be produced at low cost with new technology developed specifically for the property, when in fact the technology was still being tested and had not been proven to work; and

d) Falsely stated that Golden Eagle had two properties in California with 112,000 ounces of gold reserves, when in fact Golden Eagle was merely negotiating to acquire those properties, had made no efforts to confirm the existence of reserves, and had no reasonable factual basis for claiming the existence of any reserves.

22) The brochure titled "Golden Eagle International, Inc. Silver Bar Mine" created in February 1995 asserted that Golden Eagle expected to generate more than $57 million in income from Silver Bar and two California properties "in the first year upon completion of the first large processing plant at the Silver Bar." No reasonable basis existed for this projection, given, among other things, Golden Eagle's failure to acquire the prop-

erties, the fact that neither the mineral reserves nor the recovery technology were proven, and that Golden Eagle had insufficient financial resources to develop or mine the properties.

C. Other False Public Statements by Golden Eagle, Knittle, and Erickson

23) On November 17, 1994, following the acquisition of BenCap, Knittle signed and filed with the Commission a current report on Form 8-K. The Form 8-K falsely stated that no cash consideration had been paid in connection with Knittle and Erickson's acquisition of control of BenCap and that no other arrangements or understandings existed among members of the current and former control groups. In fact, the new control group (Knittle and Erickson) did in fact pay and agree to pay $75,000 to the old control group for 350,000 shares of BenCap stock as an integral part of the change in control.

24) The November 17, 1994, Form 8-K also stated that Golden Eagle Mineral intended to contribute to BenCap "various properties proposed to be mined for gold and other precious metals," but omitted to disclose that Golden Eagle Mineral owned no mineral properties, had no experience evaluating or operating such properties, and had insufficient financial resources to acquire such properties.

25) On August 18, 1995, Golden Eagle filed an annual report with the SEC on Form 10-K for the year ended December 31, 1994, that was signed by Knittle. The Form 10-K falsely stated that Golden Eagle was negotiating to acquire a property in California, when in fact all negotiations had been terminated. The Form 10-K also omitted to disclose that Knittle had acquired stock from the former BenCap control group as part of the acquisition of BenCap, and that an unregistered distribution of this stock to the public had occurred.

26) From approximately March through June 1995, Golden Eagle raised funds through a private offering of Golden Eagle stock. Knittle recruited two individuals to sell the stock. At Knittle's direction, these individuals falsely told investors:

a) That Golden Eagle needed the money being raised from the private sales of stock to buy mining equipment for Silver Bar, when in fact Golden Eagle had no interest in the Silver Bar;

b) That the stock would be free-trading, and that Golden Eagle was arranging for delivery of free-trading stock, when in fact the stock had not been registered for public sale.

27) In about November 1995, Knittle and Erickson began negotiations to acquire and develop mineral property in Bolivia.

In January 1996 Knittle and Erickson signed a provisional contract with a Bolivian cooperative to acquire and operate property owned by the cooperative. Immediately after signing the contract, Knittle, Erickson, and the Bolivian cooperative began discussions to renegotiate the contract, and a final contract was signed and filed with the Bolivian government in approximately October 1996. Knittle and Erickson directed exploration activities on the property at various times in 1996. At the end of 1996 Golden Eagle was still in the first phase of exploration and its Bolivian operations had produced insignificant revenues and no profits.

28) Golden Eagle issued two press releases to the public concerning developments in Bolivia, dated November 29, 1995, and January 26, 1996. These documents contained false and misleading statements as described below.

29) The November 29, 1995, press release stated that Golden Eagle had organized a joint venture with a Bolivian group to develop property in Bolivia, and that "mining operations will begin in the first quarter of 1996." In fact, Knittle had promised to provide financing for development of property, but did not have the ability to do so, and there was no reasonable basis for stating that any operations could commence in early 1996.

30) The January 26, 1996, press release stated that Golden Eagle's "majority-owned subsidiary, Golden Eagle Bolivia Mining, S.A.," would start mining as soon as equipment arrived, and that "preliminary" reports showed "in excess of 3.3 million ounces of gold" on property controlled by Golden Eagle. In fact, at that time Golden Eagle Bolivia Mining S.A. was majority-owned by Knittle and Erickson personally, not by Golden Eagle. The property required substantial exploration before mining could begin. Further, actual mining required capital far beyond that available to Knittle, Erickson, and Golden Eagle. Also, there was no reasonable factual basis for claiming any specific amount of gold on the property.

31) Golden Eagle also discussed the Bolivian project in a quarterly report filed with the Commission on Form 10-Q on February 23, 1996. The Form 10-Q falsely stated that the "majority-owned subsidiary . . . began production in February" when in fact no production was commenced, other than the already existing primitive operation run by the Bolivian cooperative.

D. Receipt of Undisclosed Compensation by Timberline and Greg Vernon

32) Timberline and Greg Vernon received compensation, in the form of Golden Eagle stock (as described in paragraphs 33-34 and 36), from Golden Eagle for their work on the documents de-

scribed in paragraph 17, which they sold for proceeds of at least $70,000. Timberline and Greg Vernon failed to disclose both the receipt of compensation and amount of such compensation in the above documents.

E. Unregistered Distribution of Golden Eagle stock by Knittle, Erickson, Timberline, Greg Vernon, and Paul Vernon

33) In connection with their acquisition of a controlling interest in BenCap, Knittle and Erickson caused the former control persons of Bencap to remove the restrictive legend from 350,000 shares of BenCap stock held in their names and cause new certificates to be issued in the name of Paul Vernon that had no restrictive legend. These new certificates were issued on November 29, 1994, the day after Knittle made the final payment for control of BenCap.

34) Also in December 1994, as a result of a forward stock split, an additional 1.3 million shares of Golden Eagle stock was issued in the name of Paul Vernon. From December 1994 until at least May 1995, Knittle, Erickson and Greg Vernon caused the 1.65 million shares of stock held in the name of Paul Vernon to be distributed to at least seventy-eight individuals and entities. Some of these individuals and entities sold the Golden Eagle stock into the public market.

35) In December 1994 at least 9,000 shares of Golden Eagle stock were sold by Paul Vernon into the public markets through an account at a broker-dealer. The $46,720 proceeds from these sales were delivered by Paul Vernon to Erickson on behalf of Golden Eagle.

36) At the direction of Knittle, Erickson, and Greg Vernon, at least 140,600 shares of Golden Eagle stock issued in the name of Paul Vernon were distributed to Timberline which sold at least 118,000 shares of the stock through a broker-dealer into the public markets for proceeds of at least $70,000.

37) At no time during the period of distribution of Golden Eagle stock, was any registration statement filed with the Commission or in effect as to such stock.

F. Delinquent SEC Filings by Golden Eagle

38) Golden Eagle was required to file periodic reports with the Commission. Golden Eagle has failed to make filings on a timely basis, as set forth in the following table:

Form	Date Due	Date Filed
10-K Annual Report for year ended Dec. 31, 1994	March 31, 1995	August 18, 1995
10-Q Quarterly Report for period ended March 31, 1995	May 15, 1995	September 13, 1995

Form	Date Due	Date Filed
10-Q Quarterly Report for period ended September 30, 1995	November 15, 1995	February 13, 1996
10-K Annual Report for year ended Dec. 31, 1995	March 31, 1996	December 18, 1996
10-Q Quarterly Report for period ended March 31, 1996	May 15, 1996	May 30, 1997
10-Q Quarterly Report for period ended September 30, 1996	November 15, 1996	May 30, 1997

G. Golden Eagle, Knittle, and Erickson Failed to Maintain Proper Accounting Records

39) Golden Eagle failed to keep general ledgers and other accounting records from November 1994 until at least July 1996 when it "reconstructed" such ledgers. The failure to keep such ledgers before that time materially contributed to the delinquency in Golden Eagle's periodic reports.

H. False Schedules 13D Filed by Knittle and Paul Vernon

40) On November 16, 1994, Knittle filed a Schedule 13D with the Commission disclosing his beneficial ownership of 4 million newly issued shares of BenCap acquired by Golden Eagle Mineral. He failed to disclose that, on November 8, 1994, he also had agreed to buy the 350,000 shares held by the former BenCap control

group, and that partial payment had been made on November 9, 1994. Knittle also failed to disclose his beneficial ownership of the Golden Eagle stock held in the name of his nominee, Paul Vernon.

41) On December 21, 1994, Paul Vernon filed a Schedule 13D with the Commission acknowledging that he had acquired 492,334 (pre-split) shares of BenCap (including the 350,000 shares described in paragraph 33) and stating that he acquired them for investment purposes. In fact, Paul Vernon was Knittle's nominee, and Paul Vernon was not the real owner of the stock. In addition, at Knittle's direction, Paul Vernon had already transferred some of the stock to other individuals. The Schedule 13D also falsely stated that Paul Vernon used his own funds for the purchase of the stock, when in fact most of the funds had been provided by Golden Eagle Mineral. Paul Vernon's filing of this Schedule 13D is the sole basis for the fraud claims against him in this complaint.

FIRST CLAIM

FRAUD - VIOLATIONS BY GOLDEN EAGLE, KNITTLE, ERICKSON, TIMBERLINE, GREG VERNON, AND PAUL VERNON OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5
[15 U.S.C. § 78j(b) and 17 C.F.R. 240.10b-5]

42) Paragraphs 1-41 are re-alleged and incorporated into this claim by reference.

43) As set forth in paragraphs 2-32 and 40-41 defendants Golden Eagle, Knittle, Erickson, Timberline, Greg Vernon, and Paul

Vernon, with scienter, directly or indirectly, in connection with the purchase or sale of securities, namely common stock of Golden Eagle, by the use of the means or instrumentalities of interstate commerce, or of the mails, have employed devices, schemes or artifices to defraud; have made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or have engaged in acts, practices, or courses of business which had been and are operating as a fraud or deceit upon the purchasers of such securities.

44) By reason of the conduct described in this claim, defendants Golden Eagle, Knittle, Erickson, Timberline, Greg Vernon, and Paul Vernon have violated, and unless restrained and enjoined, will in the future violate Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

SECOND CLAIM

FRAUD - VIOLATIONS BY GOLDEN EAGLE, KNITTLE, ERICKSON, AND PAUL VERNON OF SECTION 17(a)(1)OF THE SECURITIES ACT
[15 U.S.C. § 77q(a)(1)]

45) Paragraphs 1-41 are re-alleged and incorporated into this claim by reference.

46) As set forth in paragraphs 2-32 and 40-41, defendants Golden Eagle, Knittle, Erickson, and Paul Vernon, with scienter, directly or indirectly, in the offer or sale of securities,

namely, the common stock of Golden Eagle, by the use of the means or instrumentalities of transportation or communication in interstate commerce or by the use of the mails, have employed devices, schemes or artifices to defraud.

47) By reason of the conduct described in this claim, defendants Golden Eagle, Knittle, Erickson, and Paul Vernon have violated, and unless restrained and enjoined, in will the future violate Section 17(a)(1) of the Securities Act.

THIRD CLAIM

FRAUD - VIOLATIONS BY GOLDEN EAGLE, KNITTLE, ERICKSON, AND PAUL VERNON OF SECTIONS 17(a)(2) AND 17(a)(3) OF THE SECURITIES ACT [15 U.S.C. § 77q(a)(2) and 77q(a)(3)]

48) Paragraphs 1-41 are re-alleged and incorporated into this claim by reference.

49) As set forth in paragraphs 2-32 and 40-41, defendants Golden Eagle, Knittle, Erickson, and Paul Vernon, directly or indirectly, in the offer or sale of securities, namely common stock of Golden Eagle, by the use of the means or instrumentalities of transportation or communication in interstate commerce or by the use of the mails, have obtained money or property by means of untrue statements of material fact or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, or have engaged in transactions, practices, or courses of business

which had been and are operating as a fraud or deceit upon the purchasers of such securities.

50) By reason of the conduct described in this claim, defendants Golden Eagle, Knittle, Erickson, and Paul Vernon have violated, and unless restrained and enjoined, will in the future violate Section 17(a)(2) and 17(a)(3) of the Securities Act.

FOURTH CLAIM

FRAUD - UNDISCLOSED COMPENSATION FOR TOUTING - VIOLATIONS BY TIMBERLINE AND GREG VERNON OF SECTION 17(b) OF THE SECURITIES ACT
[15 U.S.C. § 77q(b)]

51) Paragraphs 1-41 are re-alleged and incorporated into this claim by reference.

52) As set forth in paragraphs 17, 32-34, and 36, Timberline and Greg Vernon through the means and instruments of transportation or communication in interstate commerce or the mails, published, gave publicity to, or circulated notices, circulars, advertisements, newspaper articles, letters, investment services, or communications which described Golden Eagle common stock for a consideration received or to be received from Golden Eagle without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof.

53) By reason of the conduct described in this claim, defendants Timberline and Greg Vernon have violated, and unless

restrained and enjoined, will in the future violate Section 17(b) of the Securities Act [15 U.S.C. § 77q(b)].

FIFTH CLAIM

SALE OF UNREGISTERED SECURITIES - VIOLATIONS BY KNITTLE, ERICKSON, TIMBERLINE, GREGORY VERNON, AND PAUL VERNON OF SECTIONS 5(a) AND 5(c) OF THE SECURITIES ACT [15 U.S.C. §§ 77e(a) and 77e(c)]

54) Paragraphs 1-41 are re-alleged and incorporated into this claim by reference.

55) As set forth in paragraphs 15-16 and 33-37, defendants Knittle, Erickson, Timberline, Gregory Vernon, and Paul Vernon, directly or indirectly, have made use of the means or instruments of transportation or communication or of the mails to offer and sell securities, specifically the common stock of Golden Eagle, through the use or medium of prospectus or otherwise when no registration statement has been filed or was in effect as to such securities.

56) By reason of the conduct described in this claim, defendants Knittle, Erickson, Timberline, Gregory Vernon, and Paul Vernon, have violated, and unless restrained and enjoined, will in the future violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. 77e(a) and 77e(c)].

SIXTH CLAIM

FAILURE TO KEEP AND MAINTAIN BOOKS AND RECORDS - Violations BY GOLDEN EAGLE, KNITTLE, AND ERICKSON of SECTIONS 13(b)(2)(A), and 13(b)(2)(B)(ii) [15 U.S.C. §§ 78m(b)(2)(A), (b)(2)(B)(ii)]

57) Paragraphs 1-41 are re-alleged and incorporated into this claim by reference.

58) As set forth in paragraph 39, Golden Eagle, which was an issuer which was required to file reports pursuant to Section 13(a) of the Exchange Act, failed to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflected the transactions and dispositions of its assets and failed to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets.

59) Pursuant to Section 20(a) of the Exchange Act [15 U.S.C. 78t(a)], Knittle and Erickson were controlling persons of Golden Eagle.

60) By reason of the conduct described in this claim, Golden Eagle, Knittle, and Erickson, have violated, and unless restrained and enjoined, will in the future violate Sections 13(b)(2)(A), and 13(b)(2)(B)(ii) of the Exchange Act.

SEVENTH CLAIM

FALSE AND DELINQUENT PERIODIC FILINGS WITH THE COMMISSION - VIOLATIONS BY GOLDEN EAGLE, KNITTLE, AND ERICKSON OF SECTION 13(a) OF THE EXCHANGE ACT AND RULES 13a-1, 13a-11, 13a-13 and 12b-20
[15 U.S.C. 78m(d) and Rules 17 C.F.R. 240.13d-1, 13d-11, 13d-13, and 12b-20]

61) Paragraphs 1-41 are re-alleged and incorporated into this claim by reference.

62) Golden Eagle has been an issuer of securities which was required to file periodic reports with the Commission pursuant to Section 13(a) of the Exchange Act [15 U.S.C. 78m(a)].

63) As set forth in paragraphs 23-25, 31, 38, and 40-41, Golden Eagle has failed to file periodic reports with the Commission on a timely basis, filed materially false periodic reports with the Commission and filed reports with the Commission that in addition to the information expressly required to be included in the report failed to add such further material information as was necessary to make the required statements, in the light of the circumstances under which they were made not misleading.

64) Pursuant to Section 20(a) of the Exchange Act, Knittle and Erickson were controlling persons of Golden Eagle.

65) By reason of the conduct described in this claim, Golden Eagle, Knittle, and Erickson, have violated, and unless

restrained and enjoined, will in the future violate Section 13(a) of the Exchange Act and Rules 13a-1, 13a-11, 13a-13 and 12b-20 [15 U.S.C. 78m(d) and Rules 17 C.F.R. 240.13a-1, 13a-11, 13a-13, and 12b-20].

EIGHTH CLAIM

FALSE OWNERSHIP FILINGS - VIOLATIONS BY KNITTLE AND PAUL VERNON OF SECTION 13(d) OF THE EXCHANGE ACT AND RULE 13d-1 [15 U.S.C. § 78m(d) and Rule 17 C.F.R. 240.13d-1]

66) Paragraphs 1-41 are re-alleged and incorporated into this claim by reference.

67) Golden Eagle since June 1994 was an issuer of securities registered pursuant to Section 12 of the Exchange Act. [15 U.S.C. 78l].

68) As set forth in paragraphs 40-41, Knittle and Paul Vernon filed Schedules 13D with the Commission that were false and misleading.

69) By reason of the conduct described in this claim, Knittle and Paul Vernon have violated, and unless restrained and enjoined, will in the future violate Section 13(d) of the Exchange Act and Rule 13d-1 [15 U.S.C. § 78m(d) and Rule 17 C.F.R. 240.13d-1].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

I.

Find that the defendants, and each of them, committed the violations alleged above.

II.

Enter an Order of Permanent Injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, enjoining defendants from violating the following sections of the securities laws:

a) Golden Eagle, Knittle, Erickson, Timberline, Greg Vernon and Paul Vernon from violations of Section 10(b) of the Exchange Act and Rule 10b-5.

b) Golden Eagle, Knittle, Erickson, and Paul Vernon from violations of Sections 17(a)(1), (a)(2), and (a)(3) of the Securities Act.

c) Timberline and Greg Vernon from violations of Section 17(b) of the Securities Act.

d) Knittle, Erickson, Timberline, Greg Vernon, and Paul Vernon from violations of Sections 5(a) and 5(c) of the Securities Act.

e) Golden Eagle, Knittle, and Erickson from violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B)(ii) of the Exchange Act and Rules 13a-1, 13a-11, 13a-13 and 12b-20

f) Knittle and Paul Vernon from violations of Section 13(d) of the Exchange Act and Rule 13d-1.

III.

Enter an Order directing that defendants Knittle and Erickson render an accounting of the gains or benefits, resulting, directly or indirectly, in any form, to them from the conduct alleged in this Complaint.

IV.

Enter an Order directing defendants Knittle, Erickson, Timberline, and Greg Vernon to disgorge and pay over, as the Court may direct, all ill-gotten gains received or any benefit in any form derived from the illegal conduct alleged in this Complaint, together with pre-judgment and post-judgment interest as provided by law.

V.

Enter an Order requiring each defendant except Golden Eagle to pay civil penalties pursuant to Section 20(d)(1) of the Securities Act and Section 21(d)(3) of the Exchange Act in an amount to be determined by the Court.

VI.

Grant such further equitable and other relief as this Court deems appropriate and necessary.

Respectfully submitted, May 7th, 1998

Robert M. Fusfeld
(Colorado Bar # 13,097)

Counsel for the Securities and Exchange Commission
1801 California Street, Suite 4800
Denver, Colorado 80202

Direct Telephone:	(303) 844-1080
Main Telephone:	(303) 844-1000
Fax:	(303) 844-1010