

Karen L. Martinez (Bar No. # 7914)
Thomas M. Melton (Bar No. # 4999)
Lindsay S. McCarthy (Bar No. # 5216)
Attorneys for the Plaintiff
SECURITIES AND EXCHANGE COMMISSION
50 South Main Street, Suite 500
Salt Lake City, UT 84144
(801) 524-5796

FILED
U.S. DISTRICT COURT
23 FEB 04 PM 2: 24
DISTRICT OF UTAH
BY: _____
DEPUTY CLERK

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH
CENTRAL DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

AMERICAN GOLD MINING
CORPORATION, a Nevada Corporation,
AND RONALD V. MARKHAM,

Defendants.

Civil No.

COMPLAINT

Judge J. Thomas Greene
DECK TYPE: Civil
DATE STAMP: 02/23/2004 @ 14:33:42
CASE NUMBER: 2:04CV00190 JTG

Plaintiff, Securities and Exchange Commission and Exchange Commission
("Commission") for its complaint against American Gold Mining Corporation, ("American
Gold") and Ronald V. Markham ("Markham"), alleges as follows:

INTRODUCTION

1. Defendants engaged in an elaborate scheme to offer and sell unregistered
American Gold securities to unsuspecting investors. Defendants solicited investments in
American Gold through high-pressure sales presentations and a Private Placement

Memorandum ("PPM") replete with false and misleading information regarding the purported mining operations of American Gold.

2. Thorough this scheme defendants defrauded investors of over \$7 million.

STATUTES AND RULES ALLEGED TO HAVE BEEN VIOLATED

3. Defendants, have engaged and, unless enjoined, will continue to engage, directly or indirectly, in transactions, acts, practices, and courses of business which constitute violations of Sections 5(a) and 5(c) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77e(a) and (c)].

4. Defendants, have engaged and, unless enjoined, will continue to engage, directly or indirectly, in transactions, acts practices, and courses of business which constitute violations of Section 17(a) of the Securities Act, and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

5. Defendants' conduct occurred in connection with the offer, purchase and sale of American Gold securities.

JURISDICTION AND VENUE

6. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d) and 77v(a)] and Sections 21(d)(3), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d)(3), 78u(e) and 78aa].

7. The defendants, directly or indirectly, have made use of the mails, means or instruments of transportation or communication in interstate commerce, or means or instrumentalities of interstate commerce in connection with the transactions, acts, practices and courses of business described in this Complaint.

8. Venue over this action is proper pursuant to Section 22(a) of the Securities Act and Section 27 of the Exchange Act [15 U.S.C. §§ 77v(a) and 78aa].

9. Certain of the transactions, acts, practices and courses of business constituting violations alleged herein occurred within the state of Utah.

10. American Gold's metallurgical field office was located in Washington City, Utah.

11. Markham personally conducted "investor tours" of the company's metallurgical field office in Washington City, Utah and mining claim property within Utah. Markham also delivered American Gold stock certificates to Utah investors.

AUTHORITY FOR PROMULGATED RULES CITED HEREIN

12. Plaintiff Commission brings this action pursuant to Sections 20(b) and 20(d) of the Securities Act [15 U.S.C. §§ 77t(b) and 77t(d)] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d)(3) and 78u(e)], to restrain and enjoin the defendants from engaging in the transactions, acts, practices and courses of business described herein which violate the federal securities laws, and transactions, acts, practices and courses of business of similar purport and object, to order defendant Markham disgorge gains, with prejudgment interest, to impose civil money penalties pursuant to Section 20(d) of the Securities Act and Section 21 of the Exchange Act against Markham, and to bar Markham from serving as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

13. Plaintiff Commission, pursuant to the authority granted to it by Section 10(b) of the Exchange Act [15 U.S.C. §§ 78(j)(b)], has promulgated Rule 10b-5. This rules was in effect at all times relevant hereto and is still in effect.

DEFENDANTS

14. American Gold Mining Corporation ("American Gold") is a Nevada corporation headquartered in Reno, Nevada. American Gold was in the business of locating and developing gold mining properties in southern Utah. American Gold maintained a metallurgical field office in Washington City, Utah in order to have easy access to its Utah mining claims.

15. Ronald V. Markham ("Markham"), age 75, is a Canadian citizen and a resident of Reno, Nevada. Markham was one of the initial incorporators of American Gold and served as its president and a director until he resigned in approximately June 2003. Markham is a self-styled expert in developing precious metal properties ranging from the Yukon Territory to Saudi Arabia. Markham was responsible for the business and financial operations of American Gold.

BACKGROUND

16. Beginning in 1999 through the spring of 2003, American Gold solicited investors through Markham and his intermediaries who located investors throughout the United States, Canada and Europe with an interest in purchasing American Gold securities.

17. Markham also located investors and promoted American Gold by touting the company at offshore investment seminars held at various resorts throughout the Carribean and Mexico.

18. Markham supplied potential investors with a PPM detailing the purported mining interests being exploited by American Gold.

19. Markham repeated the representations he made in the PPM and the seminars in magazine articles that Markham authored and had published in *Mt. Shasta Magazine*, a California-based New Age magazine.

20. One of Markham's articles touting American Gold was also featured on the *Mt. Shasta Magazine* Internet web site.

21. The *Mt. Shasta Magazine* articles solicited investment in American Gold common stock. The articles described the investment potential of American Gold and its purported mining operations. The articles directed interested investors to contact Markham and provided Markham's address and telephone number.

MISREPRESENTATIONS AND OMISSIONS

22. In May 2002 Markham, on behalf of American Gold, conducted an investment seminar in Cancun, Mexico.

23. At this meeting, Markham provided each investor in attendance with a copy of the PPM that he had prepared.

24. Markham told investors that he had made a significant gold and platinum discovery within and adjoining a red sandstone butte approximately twenty miles southeast of St. George, Utah along the Utah-Arizona border. Markham called this sandstone butte "Gold Mountain."

25. Markham told investors that the highest concentrations of gold and platinum were contained in "Gold Mountain" but that all of American Gold's claims were exceptionally valuable.

26. At the seminar, Markham explained to investors that economically viable amounts of gold and platinum were currently being recovered from "Gold Mountain" and that the company's in-house metallurgical engineer had developed a reliable extraction process that would recover gold and platinum by using common industry assay methods.

27. Investors were told by Markham that gold was being recovered from the "Gold Mountain" ore in amounts of .50 oz to 1.59 oz per ton and that platinum group metals were being extracted in amount of .24 oz to 1.24 oz per ton.

28. Markham explained to investors that American Gold's ore deposit was so unique that the cost of removing the ore for processing would be inexpensive compared to other mining ventures.

29. Markham also informed investors that their investment proceeds would be used to further develop the mining claims and build an ore processing plant at the Washington City, Utah metallurgical field office.

30. At the conclusion of this seminar, Markham offered American Gold stock for sale at a discount price of only \$1.00 per share and claimed that within eight to nine months the stock would increase in value to approximately \$70.00 a share because the company would be producing gold bars on a daily basis at its facility in Washington City, Utah.

31. Markham also assured the investors that they would receive a significant return on their investment because he anticipated selling the company and its mineral assets within a year to a large international mining company for approximately \$2 billion.

32. The PPM that Markham distributed during the seminar contained the same representations as in Markham's verbal sales presentation.

33. In addition to the PPM, Markham also provided investors with four issues of the *Mt. Shasta Magazine*, a California based New Age publication, that contained the same representations made in the presentation and the PPM.

34. Markham made the same presentation, containing identical information to investors who attended other investment seminars Markham conducted.

35. Markham also personally solicited investors, using the same information he provided during the Cancun investment seminar.

36. In contrast to the representations made to investors both verbally and in writing, no one had ever discovered significant amounts of gold or platinum in "Gold Mountain" or any other of American Gold's mining claims.

37. Contrary to Markham's representations, Defendants were not extracting gold or platinum from Gold Mountain. In fact no mining operations were underway at Gold Mountain.

38. Defendants had not obtained the permits needed from the states of Utah and Arizona to begin mining operations on "Gold Mountain" or other American Gold mining claims.

39. In fact, American Gold's assay laboratory was so contaminated with impurities that accurate assay results could not be conducted on any ore recovered from company mining claims. This information was not disclosed to investors.

40. American Gold had not developed a gold or platinum recovery process that was inexpensive and efficient at extracting precious metals as had been represented to investors.

41. Instead of developing a processing facility with the funds raised, Markham misappropriated a substantial amount of investor money for his personal use. As a result,

no ore processing facility had been built at American Gold's metallurgical field office in Washington City, Utah. Without the processing facility, American Gold could not generate profits for its investors. These facts were not disclosed to investors.

42. The misrepresentations and omissions set forth in paragraphs 35 through 39 above were material.

43. Defendants knew, or were reckless in not knowing, that those misrepresentations and omissions were false and misleading.

44. As a result of the sales efforts discussed above, 140 investors purchased unregistered common shares of American Gold.

FIRST CAUSE OF ACTION

OFFER AND SALE OF UNREGISTERED SECURITIES

Violations of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. § 77e(a) & 77e(c)]

45. The allegations contained in paragraphs 1 through 44 are realleged and incorporated by reference.

46. Defendants, and each of them, by engaging in the conduct described in paragraphs 1 through 44 above, directly or indirectly, through use of the means or instruments of transportation or communication in interstate commerce or the mails, offered to sell or sold the common stock of American Gold or, directly or indirectly, or carried such securities through the mails or in interstate commerce, for the purpose of sale or delivery after sale.

47. No registration statement has been filed with the Commission or has been in effect with respect to these securities.

48. By reason of the foregoing, the defendants, directly or indirectly violated, and unless enjoined will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

SECOND CAUSE OF ACTION

EMPLOYMENT OF DEVICE, SCHEME, OR ARTIFICE TO DEFRAUD

Violation of Section 17 (a) (1) of the Securities Act [15 U.S.C. § 77q(a)(1)]

49. Plaintiff Commission repeats and realleges Paragraphs 1 through 44 above.

50. Defendants American Gold and Markham, and each of them, by engaging in the conduct described in paragraphs 1 through 44 above, directly and indirectly in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce or of the mails, with scienter, employed devices, schemes, or artifices to defraud.

51. By reason of the foregoing, defendants American Gold and Markham, directly or indirectly, violated, and unless restrained and enjoined will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

THIRD CAUSE OF ACTION

FRAUD IN THE OFFER AND SALE OF SECURITIES

Violations of Sections 17(a)(2) and (3) of the Securities Act

[15 U.S.C. § 77q (a)(2) and (3)]

52. Paragraphs 1 through 44 are realleged and incorporated herein by reference.

53. Defendants American Gold and Markham, and each of them, by engaging in the conduct described in paragraphs 1 through 44, directly and indirectly, in the offer and sale of securities of American Gold, by the use of means or instruments of transportation or

communication in interstate commerce or of the mails, obtained money or property by means of untrue statements of material fact or by omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon purchasers of such securities.

54. By reason of the forgoing, defendants American Gold and Markham, directly or indirectly, violated, and unless restrained and enjoined will continue to violate, Sections 17(a)(2) and (3) of the Securities Act [15 U.S.C. § 77q(a)(2) and (3)].

FOURTH CAUSE OF ACTION

FRAUD IN CONNECTION WITH THE PURCHASE AND SALE OF SECURITIES

Violations of Section 10 (b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]

55. Paragraphs 1 through 44 are realleged and incorporated herein by reference.

56. Defendants American Gold and Markham by engaging in the conduct described in paragraphs 1 through 44 above, directly or indirectly, in connection with the purchase and sale of securities, by the use of means or instrumentalities of interstate commerce or of the mails, directly or indirectly, with scienter: (1) employed devices, schemes or artifices to defraud; (2) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (3) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon other persons.

57. By reason of the foregoing, defendants American Gold and Markham, directly or indirectly, violated, and unless restrained and enjoined, will continue to violate, Section

10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

I.

Issue findings of fact and conclusions of law that the defendants committed the violations charged and alleged herein.

II.

Issue in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, orders permanently enjoining defendants American Gold and Markham, and their officers, agents, servants, employees, attorneys, and accountants, and those persons in active concert or participation with any of them, who receive actual notice of the order by personal service or otherwise, and each of them, from engaging in the transactions, acts, practices and courses of business described herein, and from engaging in conduct of similar purport and object in violation of Section 5(a) and 5(c) of the Securities Act.

III.

Issue in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, orders permanently enjoining defendants American Gold and Markham, and their officers, agents, servants, employees, attorneys, and accountants, and those persons in active concert or participation with any of them, who receive actual notice of the order by personal service or otherwise, and each of them, from engaging in the transactions, acts, practices and courses of business described herein, and from engaging in conduct of similar purport and object in

violation of Section 17(a) of the Securities Act, and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

IV.

Permanently bar the defendant Markham from serving as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Securities Exchange Act, as amended [15 U.S.C. §78l] or that is required to file reports pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended [15 U.S.C. § 78o(d)].

V.

Enter an order directing defendant, Markham, to disgorge all sums unjustly realized in the transactions identified in this Complaint, together with prejudgment interest on disgorgement amounts.

VI.

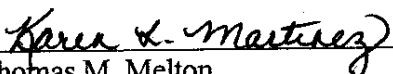
Enter an order directing the defendant, Markham, to pay civil money penalties pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act.

VII.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders

and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

Dated this 23rd day of February 2004.



Thomas M. Melton
Karen L. Martinez
Lindsay S. McCarthy
SECURITIES AND EXCHANGE COMMISSION
Sale Lake District Office
50 South Main, Suite 500
Salt Lake City, Utah 84144
(801) 524-5796