

ORIGINAL

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CLERK, U.S. DISTRICT COURT  
DISTRICT OF NEVADA  
BY AW DEPUTY

**ENTERED AND SERVED**  
**OCT 23 2000**  
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DISTRICT OF NEVADA  
BY AW DEPUTY

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA**

CV-S-00-1160-PMP-RJJ

11 SECURITIES AND EXCHANGE  
12 COMMISSION,

13 Plaintiff,

14 v.

15 COUNTRYLAND WELLNESS RESORTS,  
16 INC., FRED CRUZ (a.k.a. FEDERICO CRUZ  
17 GONZALEZ), LUIS R. HIDALGO, JR., and  
18 DONALD E. STUDER,

19 Defendants.

JUDGMENT OF PERMANENT  
INJUNCTION AND OTHER RELIEF  
AGAINST DEFENDANT FRED CRUZ  
(a.k.a. FEDERICO CRUZ GONZALEZ)

19 Plaintiff Securities and Exchange Commission ("Commission"), having filed and  
20 served upon Defendant Fred Cruz (a.k.a. Federico Cruz Gonzalez) ("Cruz"), a Summons and  
21 Complaint in this matter and Cruz, having admitted service upon him of the Summons and  
22 Complaint in this action and the jurisdiction of this Court over him and over the subject  
23 matter of this action; having been fully advised and informed of his right to a judicial  
24 determination of this matter; having waived the entry of findings of fact and conclusions of  
25 law as provided by Rule 52 of the Federal Rules of Civil Procedure; having consented to the  
26 entry of this Judgment of Permanent Injunction and Other Relief Against Defendant Fred  
27 Cruz (a.k.a. Federico Cruz Gonzalez) ("Judgment"), without admitting or denying the  
28 allegations in the Complaint, except as specifically set forth in the Consent of Defendant Fred

1 Cruz (a.k.a. Federico Cruz Gonzalez) to Entry of Judgment of Permanent Injunction and  
2 Other Relief ("Consent"); no notice of hearing upon the entry of this Judgment being  
3 necessary; and the Court being fully advised:

4 I.

5 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Cruz and his agents,  
6 servants, employees and attorneys, and all persons in active concert or participation with any  
7 of them, who receive actual notice of this Judgment, by personal service or otherwise, and  
8 each of them, are permanently restrained and enjoined from, directly or indirectly, in the offer  
9 or sale and in connection with the purchase or sale of any security, by the use of any means or  
10 instrumentality of interstate commerce or of the mails, or of any facility of any national  
11 securities exchange:

12 A. employing any device, scheme, or artifice to defraud;

13 B. making any untrue statement of a material fact or omitting to state a material  
14 fact necessary in order to make the statements made, in the light of the  
15 circumstances under which they were made, not misleading; or

16 C. engaging in any act, practice, or course of business which operates or would  
17 operate as a fraud or deceit upon any person;

18 in violation of Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §  
19 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15  
20 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

21 II.

22 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Cruz and his  
23 agents, servants, employees and attorneys, and all persons in active concert or participation  
24 with any of them, who receive actual notice of this Judgment, by personal service or  
25 otherwise, and each of them, are permanently restrained and enjoined from aiding and  
26 abetting the filing of any required periodic report with the Commission containing any untrue  
27 statement of material fact or omitting to state such further material information, if any, as may  
28 be necessary in order to make the required statements made, in the light of the circumstances

1 under which they are made not misleading, in violation of Section 13(a) of the Exchange Act  
2 [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1 and 13a-13 thereunder [17 C.F.R. §§ 240.12b-  
3 20, 240.13a-1 & 240.13a-13].

4 III.

5 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Cruz and his  
6 agents, servants, employees and attorneys, and all persons in active concert or participation  
7 with any of them, who receive actual notice of this Judgment, by personal service or  
8 otherwise, and each of them, are permanently restrained and enjoined from:

- 9 A. aiding and abetting the failure to make and keep accurate books, records, and  
10 accounts, which, in reasonable detail, accurately and fairly reflect the  
11 transactions and disposition of the assets of the issuer;
- 12 B. directly or indirectly, falsifying or causing to be falsified, any book, record or  
13 account subject to Section 13(b)(2)(A) of the Exchange Act; and
- 14 C. directly or indirectly (1) making or causing to be made a materially false or  
15 misleading statement, or (2) omitting to state, or causing another person to omit  
16 to state, any material fact necessary in order to make the statements made, in  
17 light of the circumstances under which such statements were made, not  
18 misleading to an accountant in connection with (a) any audit or examination of  
19 financial statements required to be made pursuant to the Exchange Act or the  
20 regulations thereunder, or (b) the preparation or filing of any document or report  
21 required to be filed with the Commission pursuant to the Exchange Act or the  
22 regulations thereunder, or otherwise;

23 in violation of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] and  
24 Rules 13b2-1 and 13b2-2 thereunder [17 C.F.R. §§ 240.13b2-1 & 240.13b2-2].

25 IV.

26 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Cruz and his  
27 agents, servants, employees and attorneys, and all persons in active concert or participation  
28 with any of them, who receive actual notice of this Judgment, by personal service or

1 otherwise, and each of them, are permanently restrained and enjoined from aiding and  
2 abetting the failure to devise and maintain a system of internal accounting controls sufficient  
3 to provide reasonable assurances that:

4 A. transactions are executed in accordance with management's general or specific  
5 authorization;

6 B. transactions are recorded as necessary (i) to permit preparation of financial  
7 statements in conformity with Generally Accepted Accounting Principles or any  
8 other criteria applicable to such statements, and (ii) to maintain accountability  
9 for assets;

10 C. access to assets is permitted only in accordance with management's general or  
11 specific authorization; and

12 D. the recorded accountability for assets is compared with the existing assets at  
13 reasonable intervals and appropriate action is taken with respect to any  
14 differences;

15 in violation of Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. 78m(b)(2)(B)].

16 V.

17 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Cruz is assessed  
18 and shall pay to the Commission for delivery to the United States Treasury, a civil penalty in  
19 the amount of \$55,000 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)]  
20 and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. Cruz shall pay the penalty  
21 within sixty days of entry of this Judgment by cashiers check, certified check or postal money  
22 order made payable to the United States Treasury, which check or money order shall be  
23 transmitted to the Comptroller, Securities and Exchange Commission, 450 Fifth Street, N.W.,  
24 Stop O-3, Washington, D.C. 20549, under cover of a letter which identifies the defendant, the  
25 name and case number of this action and the name of the Court. Copies of the cover letter  
26 and check or money order shall be simultaneously transmitted to Karen Matteson, counsel for  
27 the Commission, at the Commission's Los Angeles office.

28 \*

VI.

1  
2 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Cruz shall provide  
3 all documents in his possession, custody or control to the Commission and disclose under  
4 oath all information with respect to his activities and the activities of others about which the  
5 Commission or its staff may inquire or request. Such production of documents and disclosure  
6 of information by Cruz shall be made upon reasonable notice in writing and without service  
7 of a subpoena.

VII.

8  
9 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Cruz shall, during  
10 the pendency of this action against any defendant, remain subject to the discovery provisions  
11 of the Federal Rules of Civil Procedure which apply to parties; and, in addition, agrees and  
12 undertakes that he will appear without the service of a subpoena to testify as a witness at the  
13 trial of this action or at any related proceeding.

VIII.

14  
15 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the provisions of  
16 the Consent filed concurrently with this Judgment are incorporated herein with the same force  
17 and effect as if fully set forth herein and that Cruz shall comply with his Consent.

IX.

18  
19 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall  
20 retain jurisdiction over this action for all purposes including to determine the liability of any  
21 remaining defendants in this action, to implement, enforce, and carry out the terms of the  
22 Judgment and all other orders and decrees which have been and may be entered herein, and to  
23 grant such other relief as the Court may deem necessary and just.

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1        There being no just reason for delay, the Clerk of the Court is hereby directed,  
2 pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, to enter this Judgment  
3 forthwith.

4        IT IS SO ORDERED.

5  
6        DATED this 29<sup>th</sup> day of Sept 2000

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9        

UNITED STATES DISTRICT JUDGE