

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO
Judge Robert E. Blackburn**

Civil Case No. 08-cv-01847-REB-BNB

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

AMERICAN ENERGY RESOURCES CORP.,
H&M PETROLEUM CORP., and
DONALD H. ALLEN,

Defendants.

**FINAL JUDGMENT AS TO DEFENDANTS, AMERICAN ENERGY RESOURCES
CORP., H&M PETROLEUM CORP., AND DONALD H. ALLEN**

Blackburn, J.

The Securities and Exchange Commission having filed a Complaint and Defendants American Energy Resources Corp., H&M Petroleum Corp., and Donald H. Allen having entered a general appearance, consented to the court's jurisdiction over them and the subject matter of this action; consented to entry of Final Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants American Energy Resources Corp., H&M Petroleum Corp., and Donald H. Allen and their agents, servants, employees, attorneys, and all persons in active concert or

participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants American Energy Resources Corp., H&M Petroleum Corp., and Donald H. Allen and their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;

- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading or
- (c) to engage in any transaction practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants American Energy Resources Corp., H&M Petroleum Corp., and Donald H. Allen and their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce of the mails to sell such security through the use or medium of any prospectus or otherwise;
- (b) Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; or
- (c) Making use of any means or instruments of transportation or

communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants American Energy Resources Corp., H&M Petroleum Corp., and Donald H. Allen and their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)] by making use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security (other than an exempted security or commercial paper, bankers' acceptances, or commercial bills), as a broker or dealer unless he is registered in accordance with Section 15(b) of the Exchange Act [15 U.S.C. § 78o(b)].

V.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants American Energy Resources Corp., H&M Petroleum Corp., and Donald H. Allen shall, jointly and severally, pay disgorgement in the amount of \$510,000,

representing profits gained as a result of the conduct alleged in the Commission's complaint, pursuant to the terms of the payment schedule set forth in paragraph VI below. Payments under this paragraph shall be made to the Clerk of this Court, together with a cover letter identifying the defendants as defendants in this action; setting forth the title and civil action number of this action and the name of this court; and specifying that payment is made pursuant to this Final Judgment. Defendants shall simultaneously transmit photocopies of such payments and letters to the Commission's counsel in this action. By making these payments, defendants relinquish all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to defendants. The Clerk shall deposit the funds into an interest bearing account with the Court Registry Investment System ("CRIS") or any other type of interest bearing account that is utilized by the court. These funds, together with any interest and income earned thereon (collectively, the "Fund"), shall be held in the interest bearing account until further order of the court. In accordance with 28 U.S.C. § 1914 and the guidelines set by the Director of the Administrative Office of the United States Courts, the Clerk is directed, without further order of this court, to deduct from the income earned on the money in the Fund a fee equal to ten percent of the income earned on the Fund. Such fee shall not exceed that authorized by the Judicial Conference of the United States. Defendants shall jointly and severally pay post-judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

VI.

Defendants American Energy Resources Corp., H&M Petroleum Corp., and Donald H. Allen shall, jointly and severally, pay \$510,000 in 6 installments according to

the following schedule: (1) \$150,000 within 30 days of entry of the Final Judgment plus post-judgment interest pursuant to 28 U.S.C. § 1961; (2) \$75,000 within 120 days of entry of this Final Judgment plus post-judgment interest pursuant to 28 U.S.C. § 1961; (3) \$75,000 within 210 days of entry of this Final Judgment plus post-judgment interest pursuant to 28 U.S.C. § 1961; (4) \$75,000 within 300 days of entry of this Final Judgment plus post-judgment interest pursuant to 28 U.S.C. § 1961; (5) \$75,000 within 390 days of entry of this Final Judgment plus post-judgment interest pursuant to 28 U.S.C. § 1961; (6) \$60,000 within 480 days of entry of this Final Judgment plus post-judgment interest pursuant to 28 U.S.C. § 1961.

If American Energy Resources Corp., H&M Petroleum Corp., and Donald H. Allen fail to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Final Judgment, including post-judgment interest, minus any payments made, shall become due and payable immediately without further application to the court.

VII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants American Energy Resources Corp., H&M Petroleum Corp., and Donald H. Allen propose by letter to the Commission's counsel in this action within fifteen (15) business days of the entry of the Final Judgment, a distribution agent to distribute the Fund. Provided the distribution agent proposed by defendants is not unacceptable to the Commission's staff, the Commission will not object to the appointment of such distribution agent.

VIII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants American Energy Resources Corp., H&M Petroleum Corp., and Donald H. Allen in addition to the \$510,000 plus post-judgment interest paid to the Clerk of the court pursuant to the Final Judgment, jointly and severally pay any and all costs arising from any distribution of the Fund approved by the Court.

IX.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that the Consents of Defendants American Energy Resources Corp., H&M Petroleum Corp., and Donald H. Allen are incorporated herein with the same force and effect as if fully set forth herein, and that defendants shall comply with all of the undertakings and agreements set forth therein.

X.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

Dated September 2, 2008, at Denver, Colorado.

BY THE COURT:

s/ Robert E. Blackburn
Robert E. Blackburn
United States District Judge