

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

MERENDON MINING (NEVADA) INC,
et al.,

Defendants

Case No. 2:10-cv-00955-RAJ

DEFAULT JUDGMENT,
ASSET FREEZE, AND
PERMANENT INJUNCTION
AGAINST GARY SORENSON,
AND MILOWE BROST

By separate order, the court has ordered the entry of this default judgment against Defendants Gary Sorenson (also known as Don Grey Fox) and Milowe Brost (also known as Milow Brost, M.B. Gonne, and Phillip K. Collins).

Permanent Injunction

1. IT IS ORDERED, ADJUDGED, AND DECREED that Gary Sorenson also known as Don Grey Fox, Merendon Mining Corp. Ltd., Milowe Brost are hereby permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [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

1 any security:

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

8 2. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Gary
9 Sorenson and Milowe Brost are permanently restrained and enjoined from violating Section
10 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale
11 of any security by the use of any means or instruments of transportation or communication in
12 interstate commerce or by use of the mails, directly or indirectly:

- 13 (a) to employ any device, scheme, or artifice to defraud;
- 14 (b) to obtain money or property by means of any untrue statement of a material fact
15 or any omission of a material fact necessary in order to make the statements
16 made, in light of the circumstances under which they were made, not
17 misleading; or
- 18 (c) to engage in any transaction, practice, or course of business which operates or
19 would operate as a fraud or deceit upon the purchaser.

20 3. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Gary
21 Sorenson and Milowe Brost are permanently restrained and enjoined from violating Section 5
22 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any
23 applicable exemption:

- 24 (a) Unless a registration statement is in effect as to a security, making use of any
25 means or instruments of transportation or communication in interstate commerce
26 or of the mails to sell such security through the use or medium of any prospectus
27 or otherwise;
- 28 (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].

4. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Milowe Brost and Gary Sorenson are permanently enjoined and restrained from, directly or indirectly, violating Section 15(a) of the Exchange Act [15 U.S.C. § 78o] by acting as a broker or dealer unless registered as provided by law.

5. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)], Milowe Brost and Gary Sorenson are permanently prohibited from acting 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)].

Asset Freeze

IT IS ORDERED, ADJUDGED, AND DECREED that Gary Sorenson and Milowe Brost are hereby prohibited, pending a final judgment or other order of the court, from selling, transferring, encumbering or otherwise dissipating any assets obtained from the conduct described in the SEC's complaint.

Monetary Relief

1. IT IS ORDERED, ADJUDGED, AND DECREED that Gary Sorenson and Milowe Brost are liable jointly and severally to pay disgorgement of \$210,159,622 plus

1 prejudgment interest at the rate authorized in 26 U.S.C. § 6621(a)(2) from September 14, 2009
2 until the date of entry of final judgment, with postjudgment interest at the rate authorized in 28
3 U.S.C. § 1961.

4 2. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Gary
5 Sorenson and Milowe Brost are liable jointly and severally to pay a third-tier civil penalty
6 pursuant to Section 20(d)(2) of the Securities Act and Section 21(d)(3) of the Exchange Act, 15
7 U.S.C. §§ 77t(d)(2)(C) and 78u(d)(3)(B)(iii) in the amount of \$100,000,000, with prejudgment
8 interest at the rate authorized in 26 U.S.C. § 6621(a)(2) from the date of this judgment until the
9 date of entry of final judgment, with postjudgment interest at the rate authorized in 28 U.S.C.
10 § 1961.

11 The Court shall retain jurisdiction of this matter for purposes of enforcing the
12 permanent injunction.

13 Dated this 12th day of November, 2010.

14
15 WILLIAM M. McCOOL

16 Clerk

17 /s Consuelo Ledesma

18 Deputy Clerk
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HONORABLE RICHARD A. JONES

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

MERENDON MINING (NEVADA) INC.,
et al.,

Defendants.

CASE NO. C10-955RAJ

ORDER

The court DENIES Plaintiff's motion for a final judgment in this closed case. Dkt. # 137. Plaintiff filed that motion more than 16 months after the court entered judgment against the last of many Defendants and closed this case. *See* Oct. 30, 2012 ord. (Dkt. # 123) (resolving motion for final relief against Larry Adair), Oct. 30, 2012 judgment & permanent injunction (Dkt. # 124). In the months preceding that last judgment, the court entered judgments against all other Defendants, although it did not certify those judgments as final in accordance with Fed. R. Civ. P. 54(b).

Now, 16 months after this case ended, Plaintiff wants the court to enter new judgments against every Defendant except Mr. Adair. The court declines to do so for two independent reasons. First, Plaintiff offers no explanation for its 16-month delay in seeking final judgments. Second, the judgments against every defendant became final

1 when the court entered judgment against Mr. Adair and closed this case. *See, e.g., Smith*
2 *v. Half Hollow Hills Cent. Sch. Dist.*, 298 F.3d 168, 171-172 (2d Cir. 2002) (holding that
3 dismissal of last cause of action and closing of case rendered previous orders dismissing
4 other causes of action final). Every judgment (or other order imposing final relief against
5 a Defendant) that the court entered in this case became final when the court closed the
6 case on October 30, 2012.

7 DATED this 21st day of April, 2014.

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10 The Honorable Richard A. Jones
11 United States District Court Judge
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