

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

United States Courts  
Southern District of Texas  
ENTERED

AUG 18 2003

Michael N. Milby, Clerk of Court

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

Civil Action No.  
H-03-CV-1133

ROCKY MOUNTAIN ENERGY CORPORATION,

a Nevada corporation;

JOHN N. EHRMAN; and

W. RODERICK JOHNSON,

Defendants,

and

JOHN W. EHRMAN, JR.,

Defendant Solely  
for the Purpose of  
Equitable Relief,

AGREED PERMANENT INJUNCTION AGAINST JOHN N. EHRMAN

This matter came on before me, the undersigned United States District Judge, this \_\_\_ day of August, 2003, on the application of Plaintiff Securities and Exchange Commission ("Commission") for issuance of a permanent injunction against Defendant John N. Ehrman ("Ehrman"). Ehrman agrees, for purposes of this action only, to the entry of this Order, without admitting or denying the allegations contained in the Commission's Complaint, that this Court has jurisdiction over him and the subject matter of this action, withdraws his Answer (for purpose of this action), waives a hearing and the entry of findings of fact and conclusions of law and agrees that there is an adequate factual basis for finding that he engaged in prohibited,

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unregistered sales of securities of Rocky Mountain Energy Corporation (“Rocky Mountain”), that he offered and sold securities of Rocky Mountain by employing devices, schemes and artifices to defraud, that he obtained money and property by means of untrue statements of material fact and by omitting 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, that he engaged in transactions, practices and courses of business which operated or would operate as a fraud or deceit upon purchasers, that he used and employed manipulative and deceptive devices and contrivances, that he assisted Rocky Mountain, a reporting company, in its failure to file in a timely fashion with the Commission all accurate and complete information, documents and reports required by rules and regulations prescribed by the Commission, that he failed to provide to the Commission in a complete, accurate and timely fashion all required statements concerning his beneficial ownership of equity securities of Rocky Mountain as to which he was directly or indirectly the beneficial owner of more than five percent of a class of those securities registered with the Commission and that he failed to file with the Commission in a complete, accurate and timely fashion required statements concerning his beneficial ownership of equity securities of Rocky Mountain as to which he is directly or indirectly the beneficial owner of more than 10 percent of a class of those securities registered with the Commission. Accordingly,

**IT IS THEREFORE ORDERED:**

1. Ehrman, individually and/or jointly, and his affiliates, agents, servants, employees, attorneys and all other persons in active concert or participation with him, who receive actual notice of this Order, by personal service or otherwise, and each of them, is hereby restrained and enjoined from violating Sections 5(a) and 5(c) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§77e(a) & 77e(c):

(a) by making use of any means or instruments of transportation or communication in interstate commerce or of the mails, to sell a security, including, but not limited to, a security of Defendant Rocky Mountain Energy Corporation (“Rocky Mountain”), through the use or medium of a prospectus or otherwise; or

(b) by carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, a security for the purpose of sale or for delivery after sale unless a registration statement is in effect as to the security; or to make 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 a prospectus or otherwise a security unless a registration statement has been filed as to the security; or while the registration statement is the subject of a refusal order, 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.

2. Ehrman, individually and/or jointly, and his affiliates, agents, servants, employees, attorneys and all other persons in active concert or participation with him, who receive actual notice of this Order, by personal service or otherwise, and each of them, is hereby restrained and enjoined from violating Section 17(a) of the Securities Act, 15 U.S.C. §77q(a), in connection with the offer and/or sale of a security, including, but not limited to, a security of Rocky Mountain, by making use of any means or instruments of transportation or communication in interstate commerce or by use of the mails:

(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 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; and/or

(c) to engage in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon any purchaser.

3. Ehrman, individually and/or jointly, and his affiliates, agents, servants, employees, attorneys and all other persons in active concert or participation with him, who receive actual notice of this Order, by personal service or otherwise, and each of them, is hereby restrained and enjoined from violating Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §78j(b), and Commission Rule 10b-5, 17 C.F.R. §240.10b-5, directly or indirectly, in connection with the purchase or sale of a security, including, but not limited to, a security of Rocky Mountain, by making use of any means or instrumentality of interstate commerce, of the mails or of any facility of any national securities exchange:

(a) to use or employ any manipulative or deceptive device or contrivance;

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

(c) to make any untrue statement of a material fact or 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; and/or

(d) to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

4. Ehrman, individually and/or jointly, and his affiliates, agents, servants, employees, attorneys and all other persons in active concert or participation with him, who receive actual notice of this order, by personal service or otherwise, and each of them, is hereby restrained and enjoined from aiding and abetting any violation of Section 13(a) of the Exchange

Act, 15 U.S.C. §78m(a), and Commission Rules 12b-20, 13a-1, 13a-11 and 13a-13, 17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11 & 240.13a-13, by substantially assisting any reporting company's failure to file in a timely fashion with the Commission all accurate and complete information, documents and reports required by the rules and regulations prescribed by the Commission.

5. Ehrman, individually and/or jointly, and his affiliates, agents, servants, employees, attorneys and all other persons in active concert or participation with him, who receive actual notice of this Order, by personal service or otherwise, and each of them, is hereby restrained and enjoined from violating Sections 13(d) and 16(a) of the Exchange Act, 15 U.S.C. §§78m(d) & 78p(a), and Commission Rules 13d-1 and 16a-3, 17 C.F.R. §§240.13d-1 & 240.16a-1:

(a) by failing to provide all required statements concerning his beneficial ownership of all equity securities as to which he is directly or indirectly the beneficial owner of more than five percent of a class of securities registered with the Commission in a complete, accurate and timely fashion; and

(b) by failing to file with the Commission and, if appropriate, with the exchange(s) on which the security is registered all required statements concerning his beneficial ownership of all equity securities as to which he is directly or indirectly the beneficial owner of more than 10 percent of a class of securities registered with the Commission in a complete, accurate and timely fashion.

6. Ehrman and his agents, employees, servants, attorneys, and all persons in active concert or participation with him who receive actual notice of this Permanent Injunction, by personal service or otherwise, is hereby restrained and enjoined from, directly or indirectly,

making any payment or expenditure of funds (including charges on any credit card or draws on any other credit arrangement), and from assigning, conveying, transferring, encumbering, disbursing, dissipating, selling or concealing any assets, monies, choses in action, other property owned by or in the actual or constructive possession of Ehrman, pending further order of this Court.

7. Notwithstanding the provisions of Paragraph 6 of this Agreed Permanent Injunction against John N. Ehrman, at any time after entry of this Agreed Permanent Injunction against John N. Ehrman (except by prior written authorization from the Commission or prior court order) and prior to entry of a final judgment, Ehrman shall be permitted to expend amounts not to exceed \$6,000.00 (including amounts obtained as credit or cash from the MasterCard account #5\*\*\*-1\*\*\*-2\*\*\*-595, but excluding payments made to make payments on credit previously obtained) during any calendar month obtained from employment and/or business activities first undertaken on or after April 3, 2003, if and only if

(a) Ehrman shall make timely payment of any and all sums required to amortize any and all mortgages, to pay real estate taxes and to procure homeowner's insurance with respect to the residence and surrounding real estate located at 11-B Valle de Suerte, Tesuque, New Mexico;

(b) all salaries, wages, commissions and other monies received by Ehrman shall be deposited in a specially designated account and used to pay reasonable, ordinary and necessary living expenses;

(c) Ehrman shall make all records pertaining to this account available to the Commission and to Joe Kendall ("Kendall"), the temporary receiver upon demand;

(d) Ehrman shall make an accounting under oath of all of his monthly income and expenditures;

(e) Ehrman's accounting, together with all monthly bank or financial institution statements) shall be served on the Commission and Kendall not later than the tenth day of each month;

(f) Ehrman's monthly accounting shall contain an itemized and detailed (by date, opposite party and amount) listing of (i) all income received by Ehrman, his wife and his son during the preceding month and (ii) all personal, business and other expenses paid by Ehrman, his wife and his son during the preceding month; and

(g) the first accounting shall be due on or before September 10, 2003, for the period of April 1, 2003, through August 31, 2003.

8. Ehrman shall file with this Court and serve upon the Commission and Kendall, no later than twenty (20) days after entry of this Agreed permanent Injunction against John n. Ehrman, an accounting under oath, (a) detailing each and every transfer of monies, assets and other property that he and/or one of his nominees received, directly and indirectly, (i) from an investor from January 1, 2002, through the date of the accounting, (ii) from Rocky Mountain, from W. Roderick Johnson and/or John W. Ehrman, Jr., from January 1, 2002, through the date of the accounting, (iii) as a result of the activities alleged in the Commission's Complaint (by date on which the monies, assets or other property was received, by name, address and telephone number of the individual or other entity paying the money or providing the property, by amount and/or fair market value, stating the disposition of the monies or other property, including the date of the disposition and the name and address of the transferee and describing the terms of any and all agreements with respect to each transaction), (b) listing all current assets wherever they may be

located and by whomever they are being held (including the name and address of the holder and the amount or value of the holdings) and (c) listing all accounts with any broker-dealer or other financial institution maintained in the name of, on behalf of or for the benefit of Ehrman and/or trust of which Ehrman is a beneficiary (including the name and address of each account holder and the account number) and the amount held in each account at any point during the period from January 1, 2002, through the date of the accounting. This provision shall continue in full force and effect until further order of this Court.

9. Ehrman and his agents, employees, servants, attorneys, and all persons in active concert or participation with him who receive actual notice of this Permanent Injunction, by personal service or otherwise, be and hereby are restrained and enjoined from destroying, removing, mutilating, altering, concealing or disposing of, in any manner, any of his books and records or the books and records of any entities under his control until further order of this Court.

10. If Kendall provides written consent, Ehrman may begin receiving mail directly from the United States Postal Service.

11. On proper motion, the Commission may seek to establish the amount(s), if any, and the date(s) for Ehrman's payment of disgorgement and/or civil monetary penalties.

12. This Agreed Permanent Injunction against John N. Ehrman may be served upon Ehrman, in person or by mail, either by the United States marshal, by the Clerk of the Court or by any member of the staff of the Commission.

13. The United States marshal in any district in which Ehrman resides or may be found is authorized and directed to make service on Ehrman at the request of the Commission.

14. Based on Ehrman's approval of the terms of this Agreed Permanent Injunction against John N. Ehrman, Ehrman, understanding that it is the Commission's policy, as set forth in



17 C.F.R. §202.5(e), not to permit a defendant to consent to a judgment or order that imposes a sanction while denying the allegations in a complaint and further understanding that the Commission's assent to this Agreed Permanent Injunction against John N. Ehrman is based upon his compliance with the Commission's policy, shall not take any action or to make or permit to be made any public statement denying, directly or indirectly, any allegation in the Commission's Complaint or creating an impression that either the Complaint is without factual basis although nothing in this paragraph shall affect Ehrman's testimonial obligations or right to take legal positions in litigation to which the Commission is not a party.

15. Consistent with provisions of 17 C.F.R. §202.5(f) and based on Ehrman's approval of the terms of this Agreed Permanent Injunction against John N. Ehrman, any claim of Double Jeopardy based upon entry of this Agreed Permanent Injunction against John N. Ehrman, including the imposition of any remedy or civil penalty herein is waived based on Ehrman's understanding that this Agreed Permanent Injunction against John N. Ehrman does not bar the institution or prosecution against Ehrman of any other action, civil, criminal or administrative, arising as a result of the matters alleged in the Complaint.

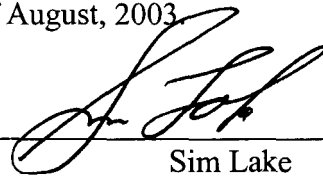
16. The Court shall retain jurisdiction over Ehrman and over the subject matter of this action in order to implement and carry out the terms of all orders and decrees that may be entered herein and to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

17. Ehrman shall continue to be considered a party to this action for purposes of the Right to Financial Privacy Act of 1978, 12 U.S.C. §§3401-22, and, as if still a party to this action, shall respond to requests for discovery by the Commission in accordance with provisions of the

Federal Rules of Civil Procedure and the local rules and orders of the Court and shall make himself available as a witness upon reasonable notice at all trials or hearings in this matter.

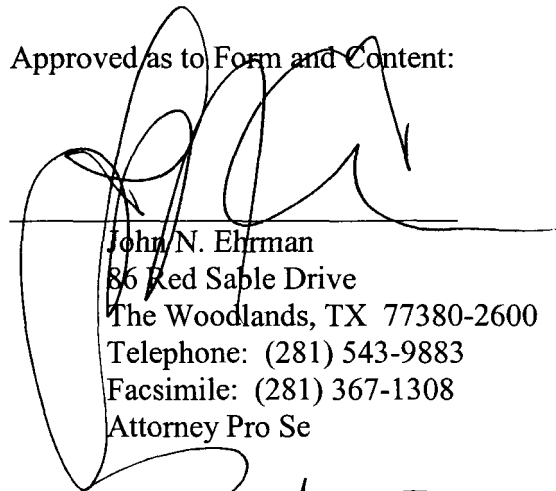
18. Based on the Court's express determination that there is no just reason for delay, the Clerk shall enter judgment accordingly.

EXECUTED AND ENTERED this 15<sup>th</sup> day of August, 2003

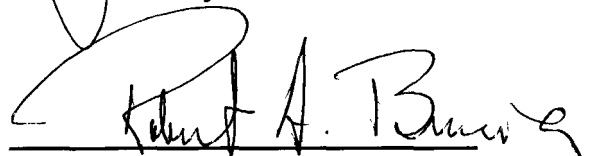


Sim Lake  
United States District Judge

Approved as to Form and Content:



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