IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF NEW MEXICO

Securities and Exchange Commission,

Plaintiff,

vs.

Civ. No.

CIV 98 860 LH

RICHARD L. PUGLISI

Solv-Ex Corporation,
John S. Rendall, and
Herbert M. Campbell,

Defendants.

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission ("Commission"), for its complaint alleges as follows:

SUMMARY OF THE ACTION

1. This action involves false and misleading statements made during January 1995 through April 1997 concerning Solv-Ex Corporation ("Solv-Ex"), a public company which claimed to have developed methods to extract and process oil and industrial minerals from oil sands and a technology to produce metallic aluminum. The public statements fueled a dramatic rise in both the price and the trading volume of Solv-Ex's common stock.

2. Solv-Ex and two of its officers, Defendant John S. Rendall ("Rendall") and Defendant Herbert M. Campbell II ("Campbell"), falsely presented the company as poised on the verge of commercial production of oil and minerals and made false statements

concerning the success of product testing. In fact, Solv-Ex's products and processes were unproven and testing of the technology to produce aluminum had failed. Solv-Ex, Rendall, and Campbell made the false and misleading statements in press releases, management letters to shareholders, conference calls with investors and brokers, published interviews, industry presentations, and Commission filings. Solv-Ex and Rendall also provided false information to at least two oil industry analysts, who incorporated the misrepresentations in reports distributed to investors.

3. Additionally, Solv-Ex's Form 10-Q for the quarter ended March 31, 1996, prepared by Campbell and signed by Rendall, failed to disclose that the company issued 3 million shares of common stock to Rendall, thereby understating the number of issued and outstanding shares by more than 13 percent.

4. By engaging in such conduct, defendants Solv-Ex and Rendall have violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act of 1933, as amended ("Securities Act") [15 U.S.C. § 77q(a)] and Sections 10(b) and 13(a) of the Securities Exchange Act of 1934, as amended ("Exchange Act") [15 U.S.C. §§ 78j(b) and 78m(a)] and Rules 10b-5, 12b-20, 13a-1, and 13a-13 thereunder [17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-1 and 240.13a-13].

5. By engaging in the above conduct, defendant Campbell has violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and 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], and has aided and abetted, and unless restrained and enjoined will continue to aid and abet, violations of Section 13(a) of the Exchange Act [15

U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13].

JURISDICTION

6. The Commission brings this action pursuant to authority conferred on it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)] to restrain and enjoin the defendants from engaging in the acts, practices and courses of business described in this Complaint and acts, practices and courses of business of similar purport and object. The Commission also seeks relief in the form of an order requiring defendants Rendall and Campbell to pay a civil penalty.

7. This Court has jurisdiction in this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

8. The defendants, directly or indirectly, made use of the means and instrumentalities of interstate commerce, and of the mails, in connection with the acts, practices, and courses of business alleged in this complaint.

9. Certain of the acts, practices and courses of business constituting the violations of law alleged herein occurred, and all of the defendants reside, within the District of New Mexico.

THE DEFENDANTS

10. **Solv-Ex Corporation ("Solv-Ex")** is a New Mexico corporation with operations in Albuquerque, New Mexico; Calgary, Alberta, Canada; and northern Alberta,

Canada. At all relevant times, Solv-Ex's common stock traded on the Nasdaq Small Cap Market. In July and August 1997, the company filed for bankruptcy protection in both Canada and the United States, respectively. Nasdaq delisted the stock on September 16, 1997. Solv-Ex's shares now trade on the Nasdaq bulletin board. At all relevant times, Solv-Ex was required to file periodic reports with the Commission, including annual reports on Form 10-K and quarterly reports on Form 10-Q.

11. **John S. Rendall ("Rendall")** is a resident of Albuquerque, New Mexico. Rendall has been chairman, chief executive officer, and a director of Solv-Ex since its incorporation in 1980. Rendall was also president of Solv-Ex from 1982 to 1992. Rendall exercised, and continues to exercise, control over all aspects of Solv-Ex's business.

12. **Herbert M. Campbell II ("Campbell")** is a resident of Albuquerque, New Mexico. Campbell has been a vice president and director of Solv-Ex since 1992. Campbell also served as Solv-Ex's general counsel from 1992 until January 1997 and from July 1997 to the present.

FACTS

False And Misleading Statements Concerning Solv-Ex Products And Technologies

13. Beginning in approximately January 1995 and continuing to at least April 1997, Solv-Ex, Rendall, and Campbell issued public statements that falsely portrayed and omitted to state material facts about the company's product testing, the source of its mineral products, as well as setbacks the company encountered in technology development. Their statements also contained misleading projections concerning Solv-Ex's progress toward developing its products and technologies and the company's prospects for near-term

profitable operations. These statements concerned three key areas: production of bitumen and crude oil; production and marketing of industrial minerals; and production of metallic aluminum.

14. The statements were made in press releases, management letters to shareholders, telephone conference calls with investors and brokers, published interviews, industry presentations and Commission filings disseminated during the period January 1995 through April 1997.

15. In addition to making certain of the public statements, Rendall signed the management letters to shareholders and Commission filings and reviewed press releases prior to issuance. Rendall knew that all of these statements were false and misleading. He controlled all aspects of Solv-Ex's business, including its research and development work and its fundraising efforts. Rendall read the reports prepared by the company's laboratory and pilot plant employees, as well as by its outside consultants.

16. Campbell prepared Solv-Ex's press releases. He also prepared a majority of the Commission filings and reviewed those filings which were prepared by lower level employees. Campbell was a member of the Solv-Ex management team and reported directly to Rendall. Campbell had access to all company documents in preparing and ensuring the accuracy of the press releases.

A. Bitumen

17. Beginning in January 1995, Solv-Ex claimed to be poised to begin constructing and operating a plant to produce bitumen from oil sands in Alberta, Canada. During the summer of 1996, Solv-Ex began constructing its bitumen extraction facility at one of its

leases in northern Alberta. Thereafter, from approximately August 1996 though April 1997, Solv-Ex, Rendall, and Campbell claimed that the company would commence bitumen production of 100,000 barrels per month by spring 1997, as set forth in paragraphs 18, 20 and 21 below. Yet, this claimed production levels were merely those for which the plant was permitted under Alberta regulations. Campbell and Rendall had no information upon which they could base a claim that the plant was capable of producing 100,000 barrels per month.

18. Between August 1996 and April 1997, Solv-Ex continuously claimed that its plant would commence monthly production of 100,000 barrels of bitumen, with direct operating costs of between $5.25 and $7 per barrel. Solv-Ex's public statements suggested that the only uncertainties in this plan related to weather and the timing of funds from private securities placements. For example, according to Solv-Ex's annual report on Form 10-K for the year ended June 30, 1996, which was prepared by Campbell and reviewed and signed by Rendall, "[a]ll tests which [Solv-Ex] has completed to date indicate that the bitumen extraction technology will result in the production of bitumen which is marketable and which can be sold at a profit."

19. At the times these statements were made, Solv-Ex, Rendall and Campbell lacked critical information about the plant's functioning, which information was necessary to reach any conclusion concerning production of bitumen at the Alberta plant. The projections about the cost and quantity of the bitumen to be produced and the date on which Solv-Ex would begin commercial production were, therefore, all without a reasonable basis.

20. An August 26, 1996, management letter to shareholders, reviewed by both

Rendall and Campbell and signed by Rendall, stated: "I believe we have the resources in hand to ensure that we will achieve oil production from the first commercial plant on the [Alberta] Lease in early 1997." Rendall declared in a January 10, 1997, conference call with investors and brokers that "[t]he full plant is expected to be completed around the middle of February for testing, and continuous production is planned for March." Solv-Ex's quarterly report on Form 10-Q for the quarter ended December 31, 1996, written by Campbell and filed with the Commission on February 14, 1997, declared that "[c]onstruction of the initial stage oil extraction plant is nearing completion and [Solv-Ex] expects to begin operations as projected during the first quarter of calendar year 1997." In a February 25, 1997, conference call, Rendall told listeners that "our best estimate still remains first quarter of 1997 for production of marketable oil."

21. Solv-Ex, Rendall and Campbell made similar representations concerning the status of the Alberta plant in the following public statements, among others: press releases issued on August 22, 1996, September 6, 1996, September 18, 1996, October 9, 1996, October 28, 1996, November 25, 1996, November 27, 1996, January 15, 1997, January 21, 1997, February 7, 1997, February 24, 1997, March 6, 1997, March 29, 1997, April 14, 1997 and April 30, 1997; and conference calls with investors and brokers on October 14, 1996, December 3, 1996 and February 25, 1997.

22. In these public statements, Solv-Ex, Rendall and Campbell misrepresented Solv-Ex's ability to initiate commercial production of a marketable product. At all times, Solv-Ex's bitumen extraction technology has been in the research and development stage.

23. At the time these statements were made, Rendall and Campbell knew that

important elements of the extraction process remained unfinalized and untested. For example, Rendall and Campbell knew that Solv-Ex conducted only limited testing of the bitumen extraction technology at its New Mexico pilot plant in late 1994, and had done only demonstration runs for visitors since that time. Moreover, a key piece of processing equipment, necessary to separate the bitumen from the sand, was configured differently in Alberta plant than in the New Mexico pilot plant. As a result, the process as configured in the Alberta plant did not separate solids effectively, with possible negative implications for the quality of the bitumen produced though the process. Rendall and Campbell failed to disclose any of these fact concerning the bitumen extraction process at the Alberta plant.

24. Rendall and Campbell also knew, but failed to disclose, that as of the end of 1996 and continuing to March 1997, Solv-Ex had not tested or installed a key element needed to filter the extracted bitumen, and consequently did not know if the Alberta plant could produce bitumen that would meet industry standards.

25. Additionally, Rendall and Campbell knew, but failed to disclose, that Solv-Ex's in-house goal for March 1997 was simply to demonstrate that bitumen could be extracted from the oil sands using the company's technology. The in-house goal did not extend to commencing sustained commercially salable production. By March 1997, the Alberta plant still lacked critical water clarification equipment and lacked instrumentation to record temperature, steam pressure, and flow rates which were necessary to produce salable bitumen.

26. On March 31, 1997, Solv-Ex issued a press release reporting that "oil (bitumen) production commenced on March 29, 1997," and that "testing of various plant

components is proceeding normally." The release, written by Campbell and reviewed by Rendall, omitted to disclose that March 29 was merely the first date that any bitumen had been run through the plant, in what was only a crude test of the facility. The release further omitted to disclose information, known by both Campbell and Rendall, that the bitumen quality degraded rapidly due to the inadequate filtration, water clarification, and instrumentation components, causing the plant to be shut down after only 12 hours of operation. Solv-Ex never initiated production at the Alberta plant and, after the March 1997 test, performed only demonstration runs for brokers and investors prior to filing the bankruptcy actions.

B. Industrial Minerals

27. Beginning early in approximately February 1995 and continuing through at least February 1997, Solv-Ex repeatedly claimed that it could recover industrial minerals from the Alberta oil sands and produce the minerals in marketable form. Solv-Ex claimed that it could separate the clays from the oil sands during bitumen extraction, leach certain chemical compounds from the clays, and process the compounds to manufacture minerals. The industrial minerals touted by Solv-Ex included aluminum oxide, or alumina; and a basic potassium aluminum sulfate, which Rendall named "TiO2S," or "titanium dioxide substitute."

28. For example, in June 7, 1995, and August 28, 1995, press releases, prepared by Campbell and reviewed by Rendall, Solv-Ex announced that it signed agreements with two commodities traders to market various of Solv-Ex's industrial minerals. Solv-Ex claimed that the June agreement provided the company with "an early and secure outlet for

some of our recoverable minerals." A September 26, 1995, press release claimed that Solv-Ex possessed "co-production technology capable of recovering the full range of marketable mineral products." Similarly, Solv-Ex's annual reports on Form 10-K for the years ended June 30, 1995, and June 30, 1996, prepared by or under the direction of Campbell and signed by Rendall, each stated that "recovery in marketable form [of minerals leached from the oil sands] can be accomplished by a combination of proprietary and conventional techniques." A January 31, 1997, press release written by Campbell quotes Rendall as stating that "[o]ur target is to be in construction of the minerals extraction plant during the first half of 1997 and achieve production before the end of the year." Solv-Ex, Rendall and Campbell made similar representations concerning the company's production of industrial minerals in the following public statements, among others: conference calls between Rendall, Campbell, investors and brokers on March 26, 1996 and October 14, 1996; a letter from Rendall to shareholders dated August 26, 1996; press releases dated August 22, 1996, September 6, 1996, January 31, 1997, February 7, 1997 and February 26, 1997; and an interview with Rendall published by the Wall Street Journal on October 14, 1996.

29. At the time these statements were made, Campbell and Rendall knew, but failed to disclose, that Solv-Ex's ability to produce industrial minerals was dependent upon the successful operation of the bitumen extraction plant, which was never demonstrated to be feasible.

30. Moreover, Solv-Ex's claims that the source for its industrial minerals was the clays contained in the oil sands was false and misleading. Rendall knew, and Campbell possessed and had access to documents demonstrating, that Solv-Ex was able to produce

appreciable quantities of high-grade products only by adding during the manufacturing process extensive amounts of high-purity raw materials that Solv-Ex purchased. This need to augment the materials extracted from the oil sands, and the attendant materials and transportation costs, was not disclosed.

31. Rendall and Campbell also knew, but failed to disclose, that Solv-Ex's work on various aspects of the extraction, processing, and marketing of industrial minerals from oil sands was experimental or preliminary in nature. Solv-Ex's efforts consisted of diverse investigations pursued in a start-and-stop manner, laboratory-scale experiments, preliminary pilot plant studies, and initial work by testing laboratories. Through at least late 1996, Solv-Ex had done only minimal pilot plant work; the company did not even attempt to make alumina in the pilot plant until spring 1997. Moreover, Solv-Ex had no assurance that it could supply consistent, reproducible products at production scale.

32. Solv-Ex named its potassium aluminum sulfate "TiO2S" and compared it to titanium dioxide, TiO_2, because of the latter's widely recognized, superior qualities as a paper additive and its high selling price of over $1,000 per ton. Solv-Ex, Rendall, and Campbell failed to disclose that Solv-Ex's product was closer in relevant characteristics to two significantly lower-priced compounds, despite the fact that one consultant suggested Solv-Ex's choice of name might be considered deceptive and expose the company to claims by producers of titanium dioxide.

33. Rendall, speaking in a December 1996 telephone conference call with brokers and investors, touted TiO2S's performance in paper testing at Western Michigan University. He failed to disclose that the paper produced in the testing failed to meet specifications, that

changes in the paper formulation caused even worse results in follow-up tests, and that the university recommended that Solv-Ex conduct further laboratory work before attempting any additional paper testing.

34. A September 6, 1996, press release, prepared by Campbell and reviewed by Rendall before its issuance, states that "[p]rogress has been excellent in development of markets for the products which can be produced from the fine clays, particularly in view of....independent testing to date of [TiO2S] which appears quite suitable for the huge filler markets in paper, paint, and plastics." Yet Solv-Ex and Rendall received July 1996 reports from paint and plastics testing labs that rejected TiO2S as being unsuitable for their respective industry segments without additional product development. Solv-Ex, Rendall and Campbell failed to disclose these adverse test results.

C. Metallic Aluminum

35. Beginning in approximately February 1995 and continuing through at least April 1997, Solv-Ex issued public statements touting the company's work on technology for a revolutionary electrolytic cell to produce metallic aluminum. On January 23, 1996, Solv-Ex issued a press release drafted by Campbell and reviewed by Rendall announcing that Solv-Ex had "successfully completed initial testing" of the cell, that the "cell was operated at a temperature of 750°C," and that the "test used non-consumable electrodes and a unique grade of highly porous alumina which is produced at the company's test facility in Albuquerque." Solv-Ex's Forms 10-Q for the quarters ended December 31, 1995, and March 30, 1996, both of which were prepared by Campbell, signed by Rendall and filed with the Commission after the date of the cell test, repeated the representation that Solv-Ex

had "successfully completed initial testing" of the cell and stated that "[o]n-going tests are planned to design and construct a full scale electrolytic cell for manufacturing aluminum." As set forth in paragraph 37 below, Solv-Ex, Rendall and Campbell issued several public statements later in 1996 and in 1997 that also cited this "successful" testing of the cell, and stated that the company saw "no 'show stoppers' in proceeding to installation of one or more commercial cells."

36. These public statements grossly misrepresented the results of the January 23, 1996, cell test. The test was "successful" only in the sense that the cell passed an electric current for slightly under two hours. The lauded 750°C operating temperature was merely an average figure resulting from the uneven application of external heat that reached temperatures as high as 900°C, rather than a product of the uniform internal heating that would characterize an operating cell. Further, far from being "non-consumable", the electrodes in fact were destroyed during the test. The test mostly used ordinary alumina purchased from third parties and made only minimal use of Solv-Ex's alumina. Moreover, Rendall and Campbell failed to disclose that their personnel could not conclusively determine that the January 23, 1996 test had actually produced any metallic aluminum (the ultimate goal in operating the cell). They also omitted to disclose in later statements that all work on the cell after January 1996 was not on a commercial size cell but, rather, at the laboratory scale on cells no larger than four liters in volume.

37. Solv-Ex, Rendall and Campbell made false and misleading statements concerning the results of the cell test and the status of the cell's development in, among other public statements, press releases dated February 23, 1996, March 21, 1996, July 11, 1996,

September 10, 1996, January 31, 1997, February 7, 1997, February 26, 1997; and in a letter from Rendall to shareholders dated August 26, 1996. At the time the statements were made, Rendall and Campbell knew these public statements concerning the cell test were false and misleading. Indeed, on March 29, 1996, Rendall received an "autopsy report" on the cell citing numerous failures in the testing process.

38. After the cell test, Solv-Ex returned to laboratory scale work on the cell and never completed a full scale cell.

False And Misleading Statements In Analysts Reports

39. Two oil industry analysts, David G. Snow ("Snow") and Charles M. Maxwell ("Maxwell") issued highly favorable research reports on Solv-Ex between January 1996 and January 1997 and recommended the purchase of Solv-Ex stock based on false and misleading information they received directly from Rendall. The reports concerned Solv-Ex's ability to extract oil and industrial minerals from the oil sands, the status of Solv-Ex's testing and production, and favorable projected earnings.

A. Snow Reports

40. Snow issued a total of six highly favorable research reports on Solv-Ex over the period from January 1996 to January 1997. Snow obtained the technical information and cost data for his reports from Rendall.

41. Snow's first research report, published on January 23, 1996, recommended Solv-Ex stock as a strong buy, and projected earnings per share of $2.50 in early 1997, $20 per share in 1998, and $98 per share by 2007, sustainable for 40 years. The report stated that Solv-Ex would begin oil production in early 1997; had developed a new aluminum

manufacturing technology that would reduce the cost of producing aluminum by 40 percent; and would begin production of industrial minerals in late 1996 or early 1997, having already done considerable product and market research. The report went on to state that Solv-Ex's profits in ten years could be $4.9 billion from metals and $895 million from oil. Between March 1996 and January 1997, Snow issued five updates on his Solv-Ex research report. The updates reiterated the projections made in the first report.

42. Rendall knew Snow's report contained false and misleading information. Snow gave Rendall a draft copy of the first report and at least one of the updates to review before they were publicly disseminated. Although Rendall suggested minor changes to the reports, he failed to correct the misleading information in the reports regarding Solv-Ex's technology and projections of commercial production. Rendall also knew the price and profit projections in Snow's reports were baseless, but did nothing to correct them.

43. Solv-Ex and Rendall distributed Snow's initial report to at least two institutional investors.

B. Maxwell Report

44. On January 26, 1996, Maxwell issued a report on Solv-Ex that contained false and misleading statements about Solv-Ex's ability to extract oil and industrial minerals from the oil sands. The report stated:

> ... [F]ew realize what the mineral potential behind the tar sands may ultimately come to. Values could exceed even those for oil... Solv-Ex has, in practical terms, the only tar sands processing system available ... that will work economically and environmentally. ... If this works out the way we expect, Solv-Ex, between now and the year 2008 will be the fastest growing oil company in the world. In stock market terms, I believe Solv-Ex to be one of the classic growth stocks of our generation.

45. In reality, Solv-Ex was in the development stage on its bitumen and minerals extraction technologies, did not know whether its processes could produce products meeting market specifications, and did not know whether or when its efforts would be profitable.

46. Maxwell received the information for his report from Rendall. Although Rendall received a copy of Maxwell's report when it was issued, he did nothing to correct the false and misleading statements contained in the report. Despite the lack of reasonable basis for the report's predictions, Rendall immediately distributed Maxwell's report to the public by including it in investor packages sent to brokers and potential investors.

False And Misleading Statements Increase Trading Activity

47. The public statements by Solv-Ex, Rendall and Campbell fueled a dramatic rise in the price of Solv-Ex's common stock, which rose from approximately $5 per share in June 1995 to $18 to $20 per share in mid January 1996. The stock price hit an all-time high of $38 on January 31, 1996, briefly giving Solv-Ex a market capitalization of approximately $800 million. The stock price remained above $20 per share, often exceeding $30 per share, until March 25, 1996, when it plummeted to $7.38 per share on a record high volume of 6,194,000 shares after the Wall Street Journal published a negative article about Solv-Ex.

Undisclosed Issuance Of 3 Million Shares

48. In January 1996, Rendall traveled to Europe to obtain financing to build the bitumen and minerals extraction plant on Solv-Ex's leases in northern Alberta. In advance of the trip, Rendall directed Campbell to cause Solv-Ex's transfer agent to issue a share certificate for 3 million restricted shares in Rendall's name. Rendall proposed to use the Solv-Ex shares, which at the time had a market value of $90 million, as collateral for a $105

million loan from a Swiss bank so that Solv-Ex could participate in a trading program allegedly sponsored by the bank. Rendall could not use his own Solv-Ex shares to fund the program because the majority of those shares were pledged on margin at Rendall's broker as collateral for a $2 million loan.

49. Campbell knew Rendall's shares were on margin at the time that Rendall requested that the 3 million shares be issued. Despite this, Campbell directed Solv-Ex's transfer agent to issue a new 3 million share certificate to Rendall and the certificate was issued by the transfer agent on January 29, 1998. Rendall and Campbell presented the stock certificate to the Swiss bankers and Rendall executed a stock power of attorney so that the bankers could margin the stock to raise funds for Solv-Ex's investment in the trading program.

50. The Swiss bankers refused to accept the certificate and consequently, the financing program was never completed. In late March 1996, the share certificate was returned to Solv-Ex where it remained for several weeks.

51. On May 3, 1996, Rendall executed a second stock power of attorney (in blank) relating to the newly-issued certificate. Rendall intended to pledge the certificate as collateral in a second attempted loan transaction in May but, again, the financing program was not completed. On May 24, 1996, Rendall returned the May 3 stock power to Solv-Ex. Solv-Ex's board authorized cancellation of the certificate on June 11, 1996, and it was canceled by the transfer agent on June 20, 1996.

52. Solv-Ex failed to disclose the issuance of the three million shares in its Form 10-Q for the quarter ended March 31, 1996, prepared by Campbell and signed by Rendall

and filed on May 15, 1996. Nor did Campbell and Rendall cause Solv-Ex's quarterly report to increase the number of issued and outstanding shares to reflect the issuance of the 3 million shares to Rendall which they had arranged. Solv-Ex, therefore, understated the number of its issued and outstanding shares by 13 percent in its March 31, 1996, Form 10-Q.

FIRST CLAIM FOR RELIEF

FRAUD - Violations by Solv-Ex, Rendall, and Campbell of Section 10(b) of the Exchange Act and Rule 10b-5 [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5]

53. Paragraphs 1 through 52 are hereby realleged and incorporated by reference.

54. Defendants Solv-Ex, Rendall, and Campbell directly and indirectly, with scienter, in connection with the purchase and sale of securities, by use of the means or instrumentalities of interstate commerce, or the mails, have employed devices, schemes or artifices to defraud; have made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or have engaged in acts, practices or courses of business which have been and are operating as a fraud or deceit upon the purchasers or sellers of such securities.

55. By reason of the conduct described in paragraph 54, defendants Solv-Ex, Rendall, and Campbell have violated and, unless restrained and enjoined, will continue to violate Section 10(b) of the Exchange Act and Rule 10b-5 thereunder [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5].

SECOND CLAIM FOR RELIEF

FRAUD - Violations by Solv-Ex, Rendall, and Campbell of Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)]

56. Paragraphs 1 through 52 are hereby realleged and incorporated by reference.

57. Defendants Solv-Ex, Rendall, and Campbell directly and indirectly, with scienter, in the offer and sale of Solv-Ex securities, by use of the means or instrumentalities of transportation or communication in interstate commerce or by use of the mails, have employed devices schemes or artifices to defraud.

58. By reason of the conduct described in paragraph 57, defendants Solv-Ex, Rendall, and Campbell have 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 CLAIM FOR RELIEF

FRAUD - Violations by Solv-Ex, Rendall, and Campbell of Section 17(a)(2) and (3) of the Securities Act [15 U.S.C. § 77q(a)(2) and (3)]

59. Paragraphs 1 through 52 are hereby realleged and incorporated by reference.

60. Defendants Solv-Ex, Rendall, and Campbell directly and indirectly, in the offer and sale of Solv-Ex securities, by use of the means or instrumentalities of transportation or communication in interstate commerce or by use of the mails, have obtained money or property by means of untrue statements of material fact or omissions to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; or have engaged in transactions, practices, or courses of business which have been, and are operating as a fraud or deceit upon the purchasers of Solv-Ex stock.

61. By reason of the conduct described in paragraph 60, defendants Solv-Ex, Rendall, and Campbell have violated and, unless restrained and enjoined, will continue to violate Section 17(a)(2) and (3) of the Securities Act [15 U.S.C. § 77q(a)(2) and (3)].

FOURTH CLAIM FOR RELIEF

FALSE FILINGS WITH THE COMMISSION - Violations by Solv-Ex and Rendall of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 [15 U.S.C. § 78m(a) and 17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13]

62. Paragraphs 1 through 52 are hereby realleged and incorporated by reference.

63. Solv-Ex filed materially false periodic reports with the Commission, and filed such reports with the Commission that, in addition to the information expressly required to be included in the report, failed to include such further material information as was necessary to make the required statements, in the light of the circumstances under which they were made, not misleading.

64. Pursuant to Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)], Rendall was a controlling person of Solv-Ex.

65. By reason of the foregoing conduct, Solv-Ex and Rendall have violated and, unless restrained and enjoined, will continue to violate Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 [15 U.S.C. § 78m(a) and 17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13].

FIFTH CLAIM FOR RELIEF

AIDING AND ABETTING FALSE FILINGS WITH THE COMMISSION - Violations by Campbell of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 [15 U.S.C. § 78m(a) and 17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13]

66. Paragraphs 1 through 52 are hereby realleged and incorporated by reference.

67. Between January 1996 and April 1997, Solv-Ex filed materially false periodic reports with the Commission, and filed such reports with the Commission that, in addition to the information expressly required to be included in the report, failed to include such further material information as was necessary to make the required statements, in the light of the circumstances under which they were made, not misleading.

68. Defendant Campbell knowingly provided substantial assistance in the conduct described in paragraph 67.

69. By reason of the foregoing conduct, Campbell has aided and abetted and, unless restrained and enjoined, will continue to aid and abet violations of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 [15 U.S.C. § 78m(a) and 17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court:

I.

Find that the Defendants, and each of them, committed the violations alleged.

II.

Enter an Order of Permanent Injunction as to each defendant, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, enjoining each defendant from further violations of the provisions of law and rules alleged in this complaint.

III.

Enter an Order requiring defendants Rendall and Campbell to pay civil penalties pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and Section 20(d) of the of the Securities Act [15 U.S.C. § 77t(d)] in an amount to be determined by the Court.

IV.

Grant such further equitable relief as this Court deems appropriate and necessary.

Dated: July 20, 1998

Respectfully submitted,

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