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DISTRICT OF UTAH
BY: _____
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IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, CENTRAL DIVISION

SECURITIES AND EXCHANGE COMMISSION,	:	
	:	
Plaintiff,	:	
	:	No. 2:97-CV-0963K
- against -	:	
	:	
GEORGE BADGER, et al.,	:	Judge Dale A. Kimball
	:	
	:	
Defendants.	:	

FINAL JUDGMENT AGAINST
DEFENDANT KARL BADGER BY CONSENT

Plaintiff Securities and Exchange Commission ("Commission") having commenced this action by filing a complaint for injunctive and other relief on December 18, 1997 ("Complaint") against defendant Karl Badger ("Badger") and others alleging that they violated Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], and 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. §

315

240.10b-5]; and defendant Badger, having executed and annexed Consent of Defendant Karl Badger dated May 23, 2002 (“Consent”), having entered a general appearance, having admitted to the jurisdiction of this Court over him and over the subject matter of this action, having waived the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, and having consented, without admitting or denying the allegations contained in the Complaint (except as to jurisdiction), to the entry without further notice of this Final Judgment Against Defendant Karl Badger By Consent (“Final Judgment”), it is now:

I.

ORDERED, ADJUDGED AND DECREED that Defendant Badger, and Defendant Badger’s agents, servants, employees, and attorneys-in-fact, and those persons in active concert or participation with them who receive actual notice of this Final Judgment, are permanently enjoined and restrained from violating Section 17(a) of the Securities Act of 1933 [15 U.S.C. §77q(a)] , Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5], directly or indirectly, in the offer or sale, or purchase or sale, of any security, by the use of any means or instrument of transportation or communication in interstate commerce, or of the mails, or of any facility of any national securities exchange, (1) employing any device, scheme, or artifice to defraud; (2) obtaining 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 statement made, in light of the circumstances under which it was made, not misleading; (3) making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, or (4) engaging in any act, practice or course of business which would operate as a fraud or deceit upon any person.

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant Badger pay the amount of \$59,355.63, representing disgorgement of relevant salary payments of \$38,018 arising from the conduct alleged in the Complaint, together with pre-judgment interest in the

amount of \$21,337.63. Based upon defendant Badger's sworn representations in his Statement of Financial Condition dated June 19, 2001, and other documents submitted to the Commission, the payments ordered in this paragraph are waived, contingent upon the accuracy and completeness of his Statement of Financial Condition and other documents submitted to the Commission.

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that based on defendant Badger's sworn representations in his Statement of Financial Condition dated June 19, 2001, and other documents submitted to the Commission, the Court is not ordering him to pay a civil penalty. The determination not to impose a civil penalty and to waive the payments described in paragraph II of this Final Judgment is contingent upon the accuracy and completeness of his Statement of Financial Condition. If at any time following the entry of this Final Judgment the Commission obtains information indicating that defendant Badger's representations to the Commission concerning his assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to defendant Badger, petition the Court for an order requiring defendant Badger to make the payments described in paragraph II of this Final Judgment and pay the maximum civil penalty allowable under the law. In connection with any such petition, the only issue shall be whether the financial information provided by defendant Badger was fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering defendant Badger to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment. The Commission may also request additional discovery. Defendant Badger may not, by way of defense to such petition: (1) challenge the validity of this Consent or the Final Judgment; (2) contest the allegations in the Complaint filed by the Commission; (3) assert that payment of disgorgement, pre-judgment and post-judgment interest or a civil penalty should not be ordered; (4) contest the amount of disgorgement and pre-judgment and post-judgment interest; (5) contest the imposition of the

maximum civil penalty allowable under the law; or (6) assert any defense to liability or remedy on the claims contained in the Complaint filed by the Commission, including, but not limited to, any statute of limitations defense.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

SO ORDERED:


UNITED STATES DISTRICT JUDGE

Date: November 26, 2002
Salt Lake City, Utah

CONSENT OF DEFENDANT KARL BADGER

1. Defendant Karl Badger (“Badger”) (i) admits to the jurisdiction of this Court over him and over the subject matter of this action, (ii) waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, (iii) without admitting or denying the allegations of the Complaint filed by the United States Securities and Exchange Commission (“Commission”) in this action, except as to jurisdiction, consents to the entry of the foregoing Final Judgment Against Defendant Karl Badger By Consent (“Final Judgment”), (iv) agrees that the Final Judgment may be presented and entered without further notice, (v) waives any right to appeal from the Final Judgment, and (vi) waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996 or any other provision of law to pursue reimbursement of attorney’s fees or other fees, expenses or costs expended by Badger to defend against this action and, for these purposes, Badger agrees that Badger is not the prevailing party in this action since the parties have reached a good faith settlement.

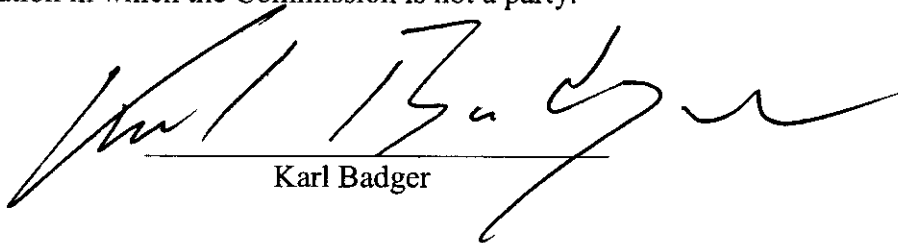
2. Badger acknowledges and agrees that this proceeding and his Consent are for the purposes of resolving this proceeding only, in conformity with the provisions of 17 C.F.R. 202.5(f), and do not resolve, affect, or preclude any other proceeding which may be brought against him. Consistent with the provisions of 17 C.F.R. 202.5(f), Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory

disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding.

3. Defendant Badger acknowledges that the Court is not imposing a civil penalty or requiring payment of \$59,355.63 in disgorgement of relevant salary payments and pre-judgment interest thereon based on defendant Badger's sworn representations in his Statement of Financial Condition dated June 19, 2001, and other documents submitted to the Commission. Defendant Badger further consents that if at any time following the entry of the Final Judgment the Commission obtains information indicating that defendant Badger's representations to the Commission concerning his assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to defendant Badger, petition the Court for an order requiring defendant Badger to pay the unpaid portion of the disgorgement, pre-judgment and post-judgment interest thereon, and the maximum civil penalty allowable under the law. In connection with any such petition, the only issue shall be whether the financial information provided by defendant Badger was fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made. In any such petition, the Commission may move the Court to consider all available remedies, including, but not limited to, ordering defendant Badger to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of the Court's Final Judgment. The Commission may also request additional discovery. Defendant Badger may not, by way of defense to such petition: (1) challenge the validity of this Consent or the Final Judgment; (2) contest the allegations in the Complaint filed by the Commission; (3) assert that payment of disgorgement, pre-judgment and

post-judgment interest or a civil penalty should not be ordered; (4) contest the amount of disgorgement and pre-judgment and post-judgment interest; (5) contest the imposition of the maximum civil penalty allowable under the law; or (6) assert any defense to liability or remedy on the claims contained in the Complaint filed by the Commission, including, but not limited to, any statute of limitations defense.

4. Defendant Badger (i) understands and agrees to comply with the Commission’s policy “not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings” (17 C.F.R. § 202.5(e)); (ii) agrees not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any allegation in the Complaint or creating the impression that the Complaint is without factual basis; and (iii) agrees that if he breaches this agreement, the Commission may petition the Court to vacate the Final Judgment and restore this case to its active docket. Nothing in this provision affects defendant Badger’s: (i) testimonial obligations; or (ii) right to take legal positions in litigation in which the Commission is not a party.

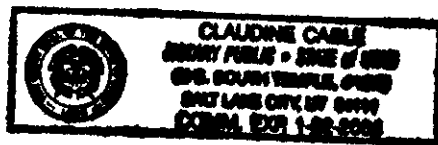

Karl Badger

STATE OF UTAH)
)
COUNTY OF SALT LAKE)

ss.:

On this 23rd day of May, 2002, Karl Badger, being known to me and who executed the foregoing Consent-Of Defendant Karl Badger personally appeared before me and did duly acknowledge to me that he executed the same.

Claudine Cable
NOTARY PUBLIC



alt

United States District Court
for the
District of Utah
December 2, 2002

* * CERTIFICATE OF SERVICE OF CLERK * *

Re: 2:97-cv-00963

True and correct copies of the attached were either mailed, faxed or e-mailed by the clerk to the following:

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