

REC'D AUG 20 1998  
4

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLORADO

---

UNITED STATES SECURITIES AND )  
 EXCHANGE COMMISSION, )  
 )  
 PLAINTIFF, )  
 )  
 V. )  
 )  
 GOLDEN EAGLE INTERNATIONAL, INC., )  
 )  
 RONALD A. KNITTLE, MARY A. )  
 )  
 ERICKSON, GREGORY G. VERNON, )  
 )  
 TIMBERLINE CONSULTANTS, INC., )  
 )  
 AND PAUL B. VERNON, )  
 )  
 DEFENDANTS. )

---

CIVIL ACTION NO:  
98-Z-1020

FILED  
 UNITED STATES DISTRICT COURT  
 DENVER, COLORADO

AUG 25 1998

JAMES D. MANSPEAKER  
 CLERK

BY \_\_\_\_\_

FINAL JUDGMENT OF PERMANENT INJUNCTION AS TO DEFENANT PAUL B. VERNON

Plaintiff Securities and Exchange Commission ("Commission"), having commenced this action on May 7, 1998, by filing a Complaint alleging that defendant Paul B. Vernon ("Paul Vernon") violated various provisions of the securities laws; the Complaint and summons having been duly served upon Paul Vernon; a Consent and Undertaking subsequently having been filed in which Paul Vernon, having waived his right to the entry of findings of fact and conclusions of law under Rule 52 of the

Federal Rules of Civil Procedure, and, without admitting or denying the allegations made in the Complaint, except as to jurisdiction which is admitted, consented to entry without further notice of this Final Judgment of Permanent Injunction ("Final Judgment") enjoining him from engaging in transactions, acts, practices and courses of business which constitute or would constitute violations of Sections 10(b), and 13(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act") [15 U.S.C. § 78j(b) and 78m(d)] and Rules 10b-5 and 13d-1 thereunder [17 C.F.R. 240.10b-5 and 240.13d-1]; Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, as amended ("Securities Act") [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)]; and providing for payment of a civil penalty of \$5,000; and it appearing that this Court has jurisdiction over the parties and over the subject matter of this action, and the Court being fully advised in the premises:

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that defendant Paul Vernon, his agents, servants, employees and attorneys-in-fact, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and they hereby are permanently restrained and enjoined from violating Section 17(a) of the Securities Act, [15 U.S.C. 77q(a)], by,

directly or indirectly, in the offer or sale of any security, using any means or instruments of transportation or communication in interstate commerce, or using the mails, to:

(1) employ any device, scheme or artifice to defraud; (2) obtain money or property by means of any untrue statement of 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; or (3) engage in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon a purchaser.

## II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant Paul Vernon, his agents, servants, employees, attorneys-in-fact and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and they hereby are permanently restrained and enjoined from violating Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, [15 U.S.C. 78j(b) and Rule 17 C.F.R. 240.10b-5], in connection with the purchase or sale of any security, directly or indirectly, by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of a national securities exchange, to: (1) employ any device, scheme or artifice to defraud; (2) 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; or (3) engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

### III.

FURTHER ORDERED that Paul Vernon and his agents, servants, employees, attorneys-in-fact and assigns and those persons acting in concert with him are enjoined and restrained from, directly or indirectly: (a) making use of any means or instruments of interstate commerce, or of the mails, to sell through the use or medium of any prospectus or otherwise, any security whatsoever, unless and until a registration statement has been filed with the Commission; (b) carrying or causing to be carried through the mails or in interstate commerce by any means or instruments of transportation, any security of any issuer whatsoever, for purposes of sale or delivery after sale, unless and until a registration statement has been filed with the Commission; or (c) making use of any means or instruments of transportation or communication in interstate commerce or the mails to sell or offer to buy through the use or medium of any prospectus or otherwise any security of any issuer whatsoever, unless a registration statement has been filed with the Commission; in violation of Sections 5(a) and 5(c) of the

Securities Act of 1933 [15 U.S.C. 77e(a) and 77e(c)], provided however, that nothing in the foregoing portion of this injunction shall apply to any security or transaction which is exempt from the provisions of Section 5 of the Securities Act.

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant Paul Vernon, his agents, servants, employees and attorneys-in-fact and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and they hereby are permanently restrained and enjoined from violating Section 13(d) of the Exchange Act [15 U.S.C. § 78m(d)] and Rule 13d-1 promulgated thereunder [17 C.F.R. 240.13d-1] by failing, within ten (10) days after acquiring, directly or indirectly, whether singly or as part of a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, voting or disposing of securities, the beneficial ownership of more than five (5) percent of (A) any equity security of a class which is registered pursuant to Section 12 of the Exchange Act, or (B) any equity security of an insurance company which would have been required to be so registered except for the exemption contained in Section 12(g)(2)(G) of the Exchange Act, or (C) any equity security issued by a closed-end investment company registered under the Investment Company Act of 1940 [15 U.S.C. §

80a-1, et seq.], to file or cause to be filed with the Commission, and to send or cause to be sent to the issuer of such equity security and to any national securities exchange where such equity security is traded, the statements containing information required by Section 13(d) of the Exchange Act [15 U.S.C. § 78m(d)] and Rule 13d-1 promulgated thereunder [17 C.F.R. § 240.13d-1].

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant Paul Vernon, shall, within ninety (90) days of the entry of this Order, pay a civil money penalty in the amount of \$5,000 to the United States Treasury. Such payment shall be: (a) made by United States postal money order, certified check, bank cashier's check or bank money order; (b) made payable to the Securities and Exchange Commission; (c) hand delivered or mailed to the Comptroller, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria Virginia 22312; (d) submitted with a copy of this Order and under a cover letter which identifies the defendant's name, the civil action number of this case; and (e) a copy of the cover letter and money order or check shall be sent to counsel for plaintiff, Robert M. Fusfeld, 1801 California Street, Suite 4800, Denver, Colorado 80202.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the annexed Consent and Undertaking of Defendant Paul B. Vernon be, and the same hereby is, incorporated herein with the same force and effect as if fully set forth herein.

VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction of this action for all purposes, including implementation and enforcement of this Final Judgment.

There being no just cause for delay, the Clerk of this Court is hereby directed, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, to enter this Final Judgment forthwith.



Zita L. Weinshienk  
United States District Judge.

Dated: Aug 25, 1998

CERTIFICATE OF SERVICE

Case No. 98-Z-1020

The undersigned certifies that a copy of the foregoing was served on August 25, 1998, by:

(1) delivery to:

MAGISTRATE JUDGE PATRICIA A COAN

OR

(1) depositing the same in the United States Mail, postage prepaid, addressed to:

ROBERT M FUSFELD ESQ  
SECURITIES AND EXCHANGE COMMISSION  
1801 CALIFORNIA STREET SUITE 4800  
DENVER CO 80202

JOHN HENRY SCHLIE ESQ  
1120 LINCOLN ST SUITE 1600  
DENVER CO 80203

RICHARD N STUCKEY ESQ  
1120 LINCOLN ST SUITE 1600  
DENVER CO 80203

JAMES R. MANSPEAKER, Clerk

By James R. Manspeaker  
Deputy Clerk