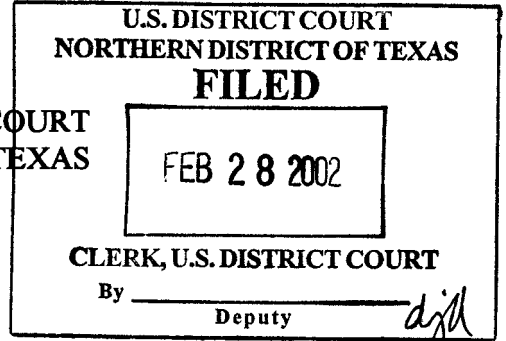


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**ORIGINAL**

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION



SECURITIES AND EXCHANGE COMMISSION, §

Plaintiff, §

VS. §

AMERICAN AUTOMATION, INC., et al., §

Defendants. §

Civil Action No. 3:98-CV-1596-D

MAR - 1 2002  
U.S.D.C.

**JUDGMENT**

For the reasons set out in an order filed today, it is ordered and adjudged that plaintiff Securities and Exchange Commission ("SEC") recover judgment against defendants Kendyll R. Horton and Hazel A. Horton as follows.

**I**

Defendants Kendyll R. Horton and Hazel A. Horton, their officers, agents, servants, employees, and attorneys, and all persons in active concert or participation with them who receive actual notice of this judgment by personal service or otherwise, are hereby enjoined and restrained from any of the following:

(a) violating §§ 5(a) and (c) of the of the Securities Act of 1933, 15 U.S.C. §§ 77e(a) and (c) by (1) making use of any means or instruments of transportation or communication in interstate commerce or of the mails, to sell a security through the use or medium of a prospectus or otherwise, or (2) 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 § 8 of the Securities Act of 1933, 15 U.S.C. § 77h.

(b) violating § 17(a) of the Securities Act of 1933, 15 U.S.C. § 77q(a), by, directly or indirectly, in any way in connection with the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or of the mails, directly or indirectly (1) employing any device, scheme, or artifice to defraud, (2) obtaining 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 statement(s) made, in light of the circumstances under which it is was made, not misleading, or (3) engaging in any transaction, practice, or course of business that operates or would operate as a fraud or deceit upon the purchaser, including, but not limited to, the offer and/or sale of undivided working interests in oil and gas wells.

(c) violating § 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. § 78j(b), by, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange, using or employing in connection with the purchase or sale of any security registered on a national securities exchange or any security not so registered any manipulative or deceptive device or contrivance in contravention of a rule or regulation prescribed by the SEC.

(d) violating SEC Rule 10b-5, 17 C.F.R. § 240.10b-5, by, directly or indirectly, by use of any means or instrumentality of 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) making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement(s) made, in the light of the circumstances under which it is was made, not misleading, or (3) engaging in any act, practice, or course of business that operates or would operate as a fraud or deceit upon any person, including, but not limited to, the offer and/or sale of undivided working interests in oil and gas wells.

## II

Defendants Kendyll R. Horton and Hazel A. Horton, jointly and severally, shall make disgorgement to W. Philip Brown, as court-appointed receiver, in the amount of \$4,480,000.00, together with prejudgment interest thereon at the maximum statutory rate allowed by law from July 10, 1998 to the date of this judgment, and post-judgment interest at the rate of 2.24% per annum.

## III

Defendants Kendyll R. Horton and Hazel A. Horton shall pay third-tier civil monetary penalties in an amount to be set by separate court order on motion of the SEC. All payments shall be made by cashier's check, certified check, bank money order, or postal money order, shall be made payable to the Securities and Exchange Commission, and shall be hand-delivered or mailed to the Comptroller, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3. Alexandria, Virginia 22312-2413. The payment shall be accompanied by a cover letter that identifies the defendants making the payment and states the file number of these proceedings. The defendants shall simultaneously mail a copy of the cover letter and money order or check to the District Administrator, Securities and Exchange Commission, Fort Worth District Office, 801 Cherry Street, 19th Floor, Fort Worth, Texas 76102-6819.

IV

The SEC's taxable costs of court, as calculated by the clerk of court, are assessed against these defendants.

V

Pursuant to Fed. R. Civ. P. 54(b), the court expressly determines that there is no just reason for delay and directs the clerk of court to enter this as a final judgment.

Done at Dallas, Texas this 28<sup>th</sup> day of February, 2002.



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SIDNEY A. FITZWATER  
UNITED STATES DISTRICT JUDGE