

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLORADO

Civil Action No. 03-cv-1917-EWN-CBS

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

SPORT-HALEY, INC.,  
ROBERT G. TOMLINSON,  
STEVE S. AUGER, AND  
KENNETH R. LECRONE,

Defendants.

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**FINAL JUDGMENT AS TO DEFENDANT STEVE S. AUGER**

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The Securities and Exchange Commission (the “Commission”) having filed a Complaint and Amended Complaint and Defendant Steve S. Auger having entered a general appearance; executed the Consent of Defendant Steve S. Auger (the “Consent”) incorporated herein; consented to the Court’s jurisdiction over him and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint or Amended Complaint (except as to jurisdiction), solely for the purpose of these proceedings, and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without adjudication on the merits of any issue of fact or law in this action; waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

It is ordered, adjudged, and decreed that Auger and 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 are permanently restrained and enjoined from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] by, in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) employing any device, scheme, or artifice to defraud;
- (b) obtaining money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (c) engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

II.

It is further ordered, adjudged, and decreed that Auger and 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 are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

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

(b) to make any untrue statement of a material fact or to 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

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

### III.

It is further ordered, adjudged, and decreed that Auger and 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 are permanently restrained and enjoined from aiding and abetting violations of Section 13(b)(2)(A) of the Exchange Act by knowingly providing substantial assistance to any issuer that fails to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer.

### IV.

It is further ordered, adjudged, and decreed that Auger and 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 are permanently restrained and enjoined from aiding and abetting violations of Section 13(b)(2)(B) of the Exchange Act by knowingly providing substantial assistance to any issuer that fails to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets.

V.

It is further ordered, adjudged, and decreed that Auger and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined violating of Section 13(b)(5) and Rule 13b2-1 of the Exchange Act by knowingly circumventing or knowingly failing to implement a system of internal controls, or by knowingly falsifying any book or record or account described in Section 13(b)(2)B of the Exchange Act.

VI.

It is further ordered, adjudged, and decreed that Auger and 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 are permanently restrained and enjoined from aiding and abetting violations of Section 15(d) of the Exchange Act and Rules 12b-20, 15d-1, and 15d-13 thereunder by knowingly providing substantial assistance to an issuer that, directly or indirectly, files or causes the filing with the Securities and Exchange Commission of any periodic report which is not true and correct, or which omits to state a material fact necessary in order to make the required statements, in the light of the circumstances under which they were made, not misleading, or which fails to comply in any material respect with the requirements of such section and the rules and regulations thereunder.

VII.

It is hereby further ordered, adjudged, and decreed that Auger is liable for disgorgement of \$202,414, representing salary earned and trading proceeds gained as a result of the conduct alleged in the Complaint or Amended Complaint, together with prejudgment interest thereon in the amount of \$301,439, for a total of \$503,853. Based on Auger's sworn representations in his Statement of Financial Condition dated February 28, 2005, and other documents and information

submitted to the Commission, however, the Court is not ordering Auger to pay a civil penalty, and payment of disgorgement and pre-judgment interest thereon is waived. The determination not to impose a civil penalty and to waive payment of disgorgement and pre-judgment interest is contingent upon the accuracy and completeness of Auger's Statement of Financial Condition. If at any time following the entry of this Final Judgment the Commission obtains information indicating that Auger'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 Auger, petition the Court for an order requiring Auger 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 Auger 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 Auger 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. Auger may not, by way of defense to such petition: (1) challenge the validity of the Consent or this 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, including, but not limited to, any statute of limitations defense.

VIII.

It is further ordered, adjudged, and decreed that, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], Auger is prohibited for five years following the date of entry of this Final Judgment from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

IX.

It is further ordered, adjudged, and decreed that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Auger shall comply with all of the undertakings and agreements set forth therein.

X.

It is further ordered, adjudged, and decreed that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

XI.

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.

Dated this 17<sup>th</sup> day of January, 2006.

s/ Edward W. Nottingham  
EDWARD W. NOTTINGHAM  
UNITED STATES DISTRICT JUDGE