

Financial Fraud Alert

Who: *Plaintiff:* Securities and Exchange Commission

Defendants: 3 Eagles Research & Development LLC, Harry Dean Proudfoot III, Matthew Dale Proudfoot, Laurie Anne Vrvilo and Dennis Ashley Bukantis

What: This complaint stems from the fraudulent sale of unregistered securities in a Portland-based gold mining company, 3 Eagles Research & Development, LLC. According to the complaint, the defendants misappropriated \$2.7 million from around 140 investors through the sale of unregistered “royalty units” in an Ohio-based gold mining project.

Allegedly, Harry Dean Proudfoot III established 3 Eagles Research & Development in April 2008, and immediately began soliciting prospective investors for startup capital for an Ohio-based gold mining operation. According to the complaint, the defendants attracted investors through in-person investor meetings and Power Point presentations, where the defendants falsely assured investors that 3 Eagles had exclusive rights to a “total of 300 acres of land and 90 million tons of raw material.” The complaint states that 3 Eagles represented to investors that the royalty units could yield a “return of 35 times their initial investment.” Although the “royalty units” supposedly entitled the investor to a share of profits from the mining project, the defendants allegedly “misappropriated approximately \$1.1 million of the investor funds to pay for, among other things, medical expenses, vitamin supplements, vacations, school tuition and jewelry.” The complaint further alleges that the defendants’ personal spending exhausted nearly all of the investor capital before mining operations ever broke ground.

Based on these allegations, the complaint alleges four causes of action against the defendants: (i) violations of section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder; (ii) violations of sections 17(a) of the Securities Act; (iii) violations of sections 5(a) and 5(c) of the Securities Act; and (iv) violations of section 15(a) of the Exchange Act. According to the complaint, the plaintiff seeks an order enjoining defendants from engaging in securities transactions in violation of the

provisions alleged in the complaint, requiring the defendants to disgorge wrongful gains and imposing civil penalties under the Exchange Act and Securities Act.

Where: United States District Court for the District of Oregon, Portland Division

When: July 17, 2012

For additional information, please contact:

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