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COUNSEL FOR PLAINTIFF
COUNSEL FOR DEFENDANT
MAY 6 2002
5/8/02

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

AMERICAN HEALTHCARE PROVIDERS, INC.,
ARTHUR W. WHEELER, LARS M. KRAM,
ANGEL L. LORIE JR., LUIS F. LORIE, AND
MICHAEL ANTHONY LESTER,

Defendants.

01 Civil Action No. 7649
(B.S.J.)

U. S. DISTRICT COURT
FILED
MAY 14 2002
S. D. OF N. Y.

MAY - 6 2002
BARBARA S. JONES
U.S.D.J.

**FINAL CONSENT JUDGMENT OF PERMANENT INJUNCTION
AND OTHER RELIEF AS TO DEFENDANT LARS M. KRAM**

Plaintiff Securities and Exchange Commission ("Commission"), having filed a Complaint for injunctive and other relief on August 16, 2001 ("Complaint") charging Defendant Lars M. Kram ("Kram"), among other defendants, with violations of 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 thereunder, 17 C.F.R. § 240.10b-5, and Defendant Kram, having executed the annexed Consent of Lars M. Kram ("Consent") admitting the jurisdiction of this Court over him and over the subject matter of this action, waiving the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, and, without admitting or denying the allegations contained in the Complaint, except as to jurisdiction, which are admitted, consents to the entry of this Final Consent Judgment Of Permanent Injunction And Other Relief As To Defendant Lars M. Kram ("Final Judgment"). Therefore, without further notice:

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I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant Kram be and hereby is permanently enjoined and restrained, directly or indirectly, 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 the use of the mails, from:

- (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 statements made, in the light of the circumstances under which they were made, not misleading; or
- (3) engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser,

in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Kram be and hereby is permanently enjoined and restrained, directly or indirectly, in connection with the purchase or sale of any security, by the use of any means or instrumentalities of interstate commerce or of the mails or of any facility of any national securities exchange, from:

- (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 statements made, in the light of the circumstances under which they were made, not misleading; or

- (3) engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person,

in violation of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Kram pay disgorgement in the amount of \$73,659.68, representing his gains from the conduct alleged in the Complaint, plus pre-judgment interest thereon in the amount of \$10,708.75 for a grand total of \$84,368.43. Based upon Defendant Kram's sworn representations in his Statement of Financial Condition dated December 9, 2001 (hereinafter referred to as the "Sworn Statement of Financial Condition"), and submitted to the Commission, payment of all of the disgorgement and pre-judgment interest thereon is waived, contingent upon the accuracy and completeness of his Statement of Financial Condition.

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that based upon Defendant Kram's representations in his Sworn Statement of Financial Condition, and submitted to the Commission, the Court is not ordering him to pay a civil penalty pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3). 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 Defendant Kram's Sworn Statement of Financial Condition. If at any time following the entry of

this Final Judgment the Commission obtains information indicating that Defendant Kram's representations to the Commission concerning his assets, income, expenses, 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 Kram, petition this Court for an order requiring Defendant Kram to pay disgorgement, prejudgment interest and a civil penalty. In connection with any such petition, the only issues shall be whether the financial information provided by Defendant Kram was fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made, and the amount of civil penalty to be imposed. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Defendant Kram to pay funds or assets, or directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment, and the Commission may also request additional discovery. Defendant Kram may not, by way of defense to such petition, challenge the validity of this Consent or the Final Judgment, contest the allegations in the Complaint filed by the Commission, the amount of disgorgement, or assert that payment of disgorgement, prejudgment interest or a civil penalty should not be ordered.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), Kram is hereby barred from serving as an officer or director of any issuer that has a

class of securities registered under 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).

VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the provisions of the annexed Consent be, and the same hereby are, incorporated in this Final Judgment with the same force and effect as if fully set forth herein.

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Final Judgment is binding upon Defendant Kram, his agents, servants, employees, attorneys, and upon all persons in active concert or participation with Defendant Kram who receive actual notice of this Final Judgment by personal service or otherwise, pursuant to Federal Rule of Civil Procedure 65(d).

VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this action for all purposes.

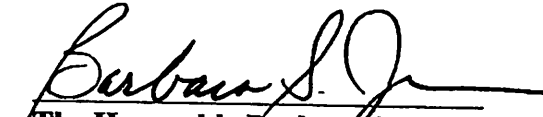
XIV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, there being no just reason for delay, the Clerk of the Court is hereby directed to enter this Final Judgment forthwith pursuant to Rule 54(b) of the Federal Rules of Civil Procedure.

SO ORDERED.

Dated: New York, New York

May 8, 2002


The Honorable Barbara S. Jones
United States District Judge

THIS DOCUMENT WAS ENTERED
ON THE DOCKET ON *5-16-02*