

**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.

RECEIVED
DEC 1 - 2003
CHAMBERS OF
BARBARA S. JONES
U.S.D.J.

01 Civil Action No. 7649
(BSJ) (THK)

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COUNSEL FOR PLTFF(S)

COUNSEL FOR DFT(S)

PLTFF PRO SE

DFT PRO SE

DATE: 12/1/03

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**FINAL JUDGMENT OF PERMANENT INJUNCTION
AND OTHER RELIEF AS TO ARTHUR W. WHEELER**

Plaintiff Securities and Exchange Commission ("Commission"), having commenced this action by filing a Complaint for injunctive and other relief on August 16, 2001, alleging that defendant Arthur W. Wheeler ("Wheeler") violated Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§77e(a), 77e(c), and 77q(a), 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 Wheeler having executed the annexed Consent to Final Judgment of Permanent Injunction and Other Relief as to Arthur W. Wheeler ("Consent"), having waived the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, having withdrawn his answer to the Complaint, having admitted the jurisdiction of this Court over him and over the subject matter of this action, without admitting or denying the allegations contained in the Complaint, except as to jurisdiction, having consented to the entry of this Final Consent Judgment of Permanent

Injunction and Other Relief as to Arthur W. Wheeler ("Final Consent Judgment"), and having waived any right to appeal from the Final Consent Judgment, without further notice:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that defendant Wheeler be and hereby is permanently enjoined from, directly or indirectly, singly or in concert:

- (A) making use of any means or instrument of transportation or communication in interstate commerce or of the mails to sell any security of any issuer, through the use or medium of any prospectus or otherwise, unless and until a registration statement is in effect as to such securities; or
- (B) carrying or causing to be carried through the mails or in interstate commerce, by any means or instrument of transportation, for the purpose of sale or for delivery after sale, any security of any issuer, unless and until a registration statement is in effect as to such securities; or
- (C) making use of any means or instrument 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 any prospectus or otherwise any security of any issuer, unless and until a registration statement has been filed with the Commission as to such securities, or while a registration statement as to such securities is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding of examination under Section 8 of the Securities Act,

in violation of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§77e(a), 77e(c).

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that defendant Wheeler be and hereby is permanently enjoined from, directly or indirectly, singly or in concert, in the offer or sale of any security, by the use of any means or instrument of transportation or communication in interstate commerce or by use of the mails:

- (A) employing any device, scheme or artifice to defraud; or
- (B) obtaining money or property by means of an untrue statement of a material fact or omitting to state 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,

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

III.

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

- (A) employing any device, scheme, or artifice to defraud;
- (B) making any untrue statement of a material fact or omitting to state 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 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.

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that defendant Wheeler is liable for disgorgement of \$127,188.62, representing profits gained as a result of the conduct alleged plus pre-judgment interest of \$29,040.30, for a total of \$156,228.92. Wheeler shall also pay post-judgment interest on the outstanding balance of the total obligation (\$155,228.92) from the date of entry of this Final Judgment until paid in full, at the post-judgment interest rate set forth at 28 U.S.C. §§ 1961(a) and (b) (hereinafter the "Post-Judgment Rate"). Wheeler shall satisfy this obligation by paying \$156,228.92 within ten business days to the Clerk of this Court for the United States District Court for the Southern District of New York, 500 Pearl Street, New York, New York 10007-1312, under cover of a letter that identifies Wheeler and the name and civil action number of this litigation (SEC v. American Healthcare Providers, Inc., et al., 01 CV 7649 (BSJ)(THK), and specifying that payment is made pursuant to this Final Judgment. Wheeler shall simultaneously transmit photocopies of such payment and letter to the Commission's counsel in this action, Gerald A. Gross, Deputy Assistant Regional Director, United States Securities and Exchange Commission, 233 Broadway, New York, New York 10279. By making this payment,

Wheeler relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Defendant. The Clerk shall deposit the funds into an interest bearing account with the Court Registry Investment System ("CRIS"). These funds, together with any interest and income earned thereon (collectively, the "Fund"), shall be held by the CRIS until further order of the Court. In accordance with the guidelines set by the Director of the Administrative Office of the United States Courts, the Clerk is directed, without further order of this Court, to deduct from the income earned on the money in the Fund a fee equal to ten percent of the income earned on the Fund. Such fee shall not exceed that authorized by the Judicial Conference of the United States. The Commission may propose a plan to distribute the Fund subject to the Court's approval.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to Section 20(e) of the Securities Act, 15 U.S.C. § 77i(e), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), Wheeler 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, pursuant to Rule 65(d) of the Federal Rules of Civil Procedure, this Final Consent Judgment is binding upon defendant Wheeler, his employees, agents, servants, and attorneys, and upon those persons in active concert or participation with him who receive actual notice of this Final

Consent Judgment by personal service or otherwise.

VII.

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

VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for all purposes, including, but not limited to, implementing and enforcing the terms and conditions of this Final Consent Judgment.

IX.

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