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FILED  
CLERK, U.S. DISTRICT COURT  
AUG - 4 2003  
CENTRAL DISTRICT OF CALIFORNIA  
BY *[Signature]* DEPUTY

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CLERK, U. S. DISTRICT COURT  
MAY 30 2003  
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CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION DEPUTY

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION

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NO JS-5/JS-6  
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9 SECURITIES AND EXCHANGE  
10 COMMISSION,

10 Plaintiff,

11 vs.

12 NORTH AMERICAN MEDICAL  
13 PRODUCTS, INC., ARTHUR  
14 GIANAKOS, PAUL WAYNE  
15 MASON (a/k/a LOUIS RONNIE  
16 SARPY), LAURENCE MARK  
17 ANDERSON (a/k/a RON  
18 LAURENCE), KRISTEN LUCK  
19 EMERY, and NIKO G.  
20 EFSTATHIOU,

20 Defendants.

NO. SACV03-250 AHS (ANx)

~~PROPOSED~~ FINDINGS,  
ORDER AND FINAL  
JUDGMENT OF DEFAULT  
AGAINST DEFENDANTS  
PAUL WAYNE MASON (a/k/a  
LOUIS RONNIE SARPY) AND  
KRISTEN LUCK EMERY

Courtroom of the Hon.  
Alicemarie H. Stoller

ENTERED  
AUG - 5 2003  
CLERK, U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
BY *[Signature]* DEPUTY

21 It appearing to this Court that Plaintiff Securities and Exchange Commission  
22 ("Commission"), having duly commenced this action by filing its Complaint For  
23 Injunctive and Other Relief for Violations of the Federal Securities Laws  
24 ("Complaint"), against Defendant Paul Wayne Mason (a/k/a Louis Ronnie Sarpy)  
25 ("Defendant Mason") and Kristen Luck Emery ("Defendant Emery"), and for such  
26 other and further relief as this Court may deem just and proper.

27 It further appearing to the Court that the Defendants Mason and Emery have  
28 been properly served with the Summons, that Defendants Mason and Emery have not  
filed their answer to the Complaint or otherwise pled; the Commission having moved  
this Court for an Order granting an application for Default Judgment; the Court having

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1 jurisdiction over the parties and the subject matter of this action, the Court being  
2 fully advised in the premises, and there being no just reason for delay:

3 THE COURT HEREBY FINDS AS FOLLOWS:

4 **A. FACTS ESTABLISHING JURISDICTION**

5 1. The Commission commenced this action on March 11, 2003 by  
6 filing the Complaint against Defendants Mason and Emery, as well as others.  
7 Declaration of Kenneth Guido ¶ 2.

8 2. On March 11, 2003, a copy of the Summons and Complaint were  
9 served on Defendant Mason in an Orange County, California jail. *Id.* at ¶ 3. On  
10 March 18, 2003, a copy of the Summons and Complaint were served on Defendant  
11 Emery in the California Institution for Women. *Id.* at ¶ 4.

12 3. Defendants Mason and Emery have not filed an answer to the  
13 Complaint or otherwise pled, and the time has expired for them to have done so to  
14 avoid entry of a default order. *Id.* at ¶ 5.

15 4. Venue is proper in this District pursuant to Section 22(a) of the  
16 Securities Act, [15 U.S.C. § 77v(a)], and Section 27 of the Exchange Act, [15 U.S.C.  
17 § 78aa], because certain of the transactions, acts, practices and courses of conduct  
18 constituting violations of the laws alleged occurred within this District and because  
19 certain of the Defendants reside in and transact business in this District. Complaint ¶  
20 5.

21 5. In connection with the transactions, acts, practices, and course of  
22 business described in this Judgment, each of the Defendants, directly and indirectly,  
23 has made use of the means or instrumentalities of interstate commerce, of the mails,  
24 and/or of the means and instruments of transportation or communication in interstate  
25 commerce. Complaint ¶ 6.

26 **B. FACTS ESTABLISHING LIABILITY**

27 1. North American Medical Products, Inc. ("NAMP") is a Delaware  
28 corporation with its offices in Albany, New York. Formed in 1984, the Company is

1 engaged in the development, production, and marketing of medical products, primarily  
2 needle-stick protection devices for use in the healthcare industry. The Company  
3 employs a small number of people, including its president, Gianakos, and members  
4 of his family. There is no established secondary market for NAMP's stock and no  
5 NAMP securities have ever been registered with the Commission. Complaint ¶ 7.  
6 NAMP consented to a judgment entered by the Court on March 18, 2003.

7           2.     Arthur Gianakos, 54, is NAMP's chairman and president. Together  
8 with his wife, he owns approximately 56% of NAMP's common stock. Complaint ¶  
9 8. Gianakos consented to a judgment entered by the Court on March 18, 2003.

10           3.     Niko G. Efstathiou, 55, of Monarch Beach, California, was  
11 NAMP's Director of Marketing and a member of NAMP's board of directors. He  
12 arranged for unregistered brokers led by Mason to market NAMP's stock issuance  
13 beginning in 1997 in exchange for a 50% commission he received from NAMP. He  
14 also received 1,050,000 shares of NAMP stock in exchange for his sales activities.  
15 Efstathiou was not registered as a broker with the Commission. Complaint ¶ 9.  
16 Efstathiou consented to a judgment entered by the Court on March 18, 2003.

17           4.     Paul Wayne Mason (a/k/a Louis Ronnie Sarpy), 48, currently  
18 incarcerated in the Los Angeles County Jail, is a convicted felon, who offered and sold  
19 NAMP stock to the public, first under a relationship with Efstathiou, and, in or about  
20 2001, directly with NAMP as the proprietor of his own boiler room in Newport Beach,  
21 California. Mason was not registered as a broker with the Commission. Complaint  
22 ¶ 10, Guido Declaration ¶ 3.

23           5.     Laurence Mark Anderson (a/k/a Ron Laurence), 45, a Los Angeles  
24 area resident, was Mason's primary associate in selling NAMP stock from a boiler  
25 room in Newport Beach. Anderson was not registered as a broker with the  
26 Commission. Complaint ¶ 11. The Commission has been unsuccessful to date in  
27 locating Anderson for service. Guido Declaration ¶ 5.

28           6.     Kristen Luck Emery, 40, worked together with Mason and

1 Anderson in selling NAMP stock. Emery was not registered as a broker with the  
2 Commission. She is currently incarcerated in the California Institution for Women.  
3 Emery was not registered as a broker with the Commission. Complaint ¶ 12, Guido  
4 Declaration ¶ 4.

5           7. NAMP is a company located in Albany, New York. It develops  
6 and produces proprietary medical products, including needle stick protection devices  
7 (*i.e.*, syringes with needles that retract after injection). NAMP's modest revenues have  
8 been insufficient to provide adequate working capital for its operations. Consequently,  
9 from 1997 through 2001, the Company, at the direction of Gianakos, obtained  
10 operating capital through sales to the public of its common and preferred stock.  
11 These stock sales, conducted through what the Company purported to be private  
12 offerings, raised total proceeds of approximately \$3.75 million. Complaint ¶ 13.

13           8. In mid-1997, NAMP president Gianakos was introduced to  
14 Efstathiou, an individual with experience in the sale of securities. Efstathiou agreed to  
15 raise capital for NAMP by selling NAMP stock through his business, Atrie, which is  
16 not a registered broker/dealer. The parties entered into a written agreement under  
17 which Atrie would receive 50% of all funds raised from the offering, primarily as  
18 consideration for soliciting subscriptions from investors. Gianakos and Efstathiou  
19 participated in the drafting of the purported private placement memorandum ("PPM")  
20 for the Company's stock offering, intended to raise \$5 million from the sale of 1  
21 million shares of its preferred stock. Complaint ¶ 14.

22           9. The "Use of Proceeds" section of the purported PPM stated:  
23 "[t]he net proceeds from the placement of the Preferred Stock are estimated to be  
24 approximately \$4,000,000 after the payment of offering costs, assuming the placement  
25 of \$5,000,000 of Preferred Stock." Thus, the offering costs should not have exceeded  
26 20% of the gross offering proceeds. The purported PPM further stated that, if stock  
27 was sold through a broker-dealer, it would be a registered broker-dealer, and that no  
28 commissions would be paid to any persons or firms not registered as broker-dealers.

1 The purported PPM also stated that no commissions would be paid to any officer,  
2 director, or employee of the company. All of these representations were false.  
3 Complaint ¶ 15.

4 10. In fact, Efstathiou -- who had become a member of NAMP's  
5 board of directors and had been given the title Director of Marketing -- was paid,  
6 through Atrie and other nominees, 50% of the proceeds of all subscriptions to the  
7 offering. As an additional (undisclosed) inducement to create a market for NAMP  
8 securities, Gianakos gave Efstathiou 5% of NAMP's outstanding common stock  
9 (1,050,000 shares). Efstathiou, in turn, passed on 30% of his commissions (15% of  
10 gross proceeds) to Paul Mason, who was primarily responsible for telemarketing the  
11 NAMP preferred stock through a network of unlicensed agents working for him in  
12 Orange County. Mason used the alias "John Shapiro" when he solicited investors to  
13 purchase the preferred shares. Moreover, all of the individuals who received  
14 commission payments for selling NAMP preferred stock were unregistered brokers.  
15 Complaint ¶ 16.

16 11. NAMP included no historical financial statements in its PPM,  
17 although required to do so under applicable regulations. Thus investors were not  
18 informed that the Company had only modest sales and had lost money during each  
19 year of its operation. Complaint ¶ 17.

20 12. Efstathiou ended his involvement with the preferred stock offering  
21 in July of 2000, after selling approximately \$2.75 million in NAMP stock, and receiving  
22 approximately \$1,377,811 in commissions. By this time NAMP and Gianakos had  
23 been the subject of two state administrative proceedings for selling unregistered  
24 NAMP stock through unregistered brokers, with Efstathiou named in one of those  
25 actions. Complaint ¶ 18.

26 13. With Efstathiou gone, Mason convinced Gianakos to allow him to  
27 take over the sales efforts directly. They decided to launch a second offering: this time  
28 of 2 million shares of NAMP common stock at \$2.50 per share, for a total of \$5

1 million in gross proceeds. NAMP initially agreed to pay Mason a 35% commission  
2 on his stock sales, but later increased his commission to 50%. Although Mason had  
3 no office at NAMP and performed no services (other than selling its stock), Gianakos,  
4 at Mason's request, had business cards printed for Mason as NAMP's "Director of  
5 Financial Services" and paid him a salary of \$100 per week. This facilitated Mason's  
6 sales efforts by allowing him to present himself as an officer of the company, rather  
7 than a broker. Complaint ¶ 19.

8           14. Gianakos created the purported PPM for this offering by cutting  
9 and pasting sections of the memo from the previous offering. The new PPM, like the  
10 original PPM for the preferred stock offering, failed to disclose that 50% of the  
11 offering proceeds would go to pay sales commissions, and affirmatively  
12 misrepresented that the offering costs would not exceed 20% of gross proceeds and  
13 that no commission would be paid to unregistered broker/dealers, officers, directors,  
14 or employees. Further, NAMP included unsupportable projections in the offering  
15 materials sent to prospective investors. Specifically, sales materials distributed to  
16 potential investors contained a document projecting future sales of \$540,000,000 over  
17 the next five years, with net income of \$201,944,400, without disclosing that the  
18 Company's highest annual gross revenue at that point was approximately \$178,000.  
19 Complaint ¶ 20.

20           15. Mason sold NAMP stock out of his home and then a classic penny  
21 stock boiler-room in Newport Beach, California. He ran the office with two  
22 associates: his girlfriend Kristen Emery and associate Laurence Anderson. Mason  
23 hired other persons, who were not registered as brokers with the Commission, as  
24 "fronters" to cold-call potential investors from "lead" cards provided by Mason.  
25 Emery also acted as a fronter. The fronters made as many as 200 such cold calls a  
26 day to potential investors, following scripts provided by Mason and Anderson. After  
27 developing a prospect, they would transfer the call to Mason or Anderson, who, as  
28 "closers," would attempt to consummate the sale. The fronters were promised (and

1 sometimes paid) 10% of the amount of money invested by people they had pitched.  
2 Complaint ¶ 21.

3 16. The frontiers, working under Mason and Anderson's direction and  
4 control, aggressively touted NAMP stock, falsely claiming that the Company was an  
5 acquisition target and had obtained lucrative new contracts. For example, one investor  
6 was told the Company had received orders for its safety needles from four new  
7 customers, including Planned Parenthood and Columbia HCA, in amounts totaling  
8 \$26-36 million. No such contracts existed. Moreover, scripts and offering materials  
9 drafted by Mason state that NAMP had a \$15 million contract with Kaiser Permanente.  
10 Again, no such contract existed. Complaint ¶ 22.

11 17. In addition to the foregoing misrepresentations and omissions,  
12 Mason presented himself as an officer of NAMP, who could be reached at the  
13 company's headquarters. He stated that he was not a fundraiser, and would not  
14 receive any portion of the funds raised. Other false statements made by Mason  
15 included:

- 16 • NAMP's profit margin was 30%;
- 17 • at the current rate, the Company "should write \$50-100 million in sales" in 2001;
- 18 • an "angel investor" had put \$15 million into the company; and
- 19 • NAMP had applied with NASDAQ for pre-approval of its listing on the  
20 NASDAQ stock exchange.

21 Complaint ¶ 23.

22 18. In mid-September 2001, Emery and Anderson solicited an  
23 individual to purchase NAMP stock. Anderson misrepresented that New York  
24 officials had placed a \$1 million order for NAMP medical products "right after"  
25 September 11, 2001, and that the terrorist attacks would benefit NAMP's business.  
26 Anderson further said that the attacks benefited NAMP's business. As with the other  
27 touted contracts, this order did not exist. Complaint ¶ 24.

28 19. In addition to making the false statements himself, Anderson  
instructed other telemarketers to use the false September 11<sup>th</sup> claim in their sales  
pitches to potential investors. Complaint ¶ 25.

1           20. The NAMP stock sold by Defendants Mason and Emery in the  
2 second offering was sold at \$2.50 per share, did not trade on an exchange, was not  
3 quoted on NASDAQ, and was issued by a company with net tangible assets of less  
4 than \$2 million. Guido Declaration at ¶ 9.

5           21. Defendant Mason received commissions of \$176,514.50 from the  
6 first offering of NAMP stock and \$379,659.91 in commissions from the second  
7 offering. Guido Declaration at ¶ 11. Prejudgment interest of \$50,744.02 has accrued  
8 on the \$176,54.50 received from the first offering, and \$34,814.00 in prejudgment  
9 interest has accrued on the \$379,659.91 received from the second offering. Guido  
10 Declaration Attachments C and D.

11           22. The stock offered and sold by NAMP, Gianakos, Efstathiou,  
12 Mason, Laurence, and Emery was not registered or exempt from the registration  
13 requirements of the Securities Act. NAMP, Gianakos, Efstathiou, Mason, Laurence,  
14 and Emery violated, and unless restrained and enjoined will continue to violate  
15 Sections 5(a) and (c) of the Securities Act, [15 U.S.C. §§ 77e(a) and (c)]. Complaint  
16 ¶ 29.

17           23. NAMP, Gianakos, Efstathiou, Mason, Laurence, and Emery  
18 violated, and unless restrained and enjoined will continue to violate the anti-fraud  
19 provisions of the securities laws: Section 17(a) of the Securities Act [15 U.S.C. § 77q]  
20 and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17  
21 C.F.R. § 240.10b-5] thereunder. Complaint ¶ 32.

22           24. Efstathiou, Mason, Laurence and Emery were not registered as  
23 brokers or exempt from the registration requirements of the Exchange Act. Efstathiou,  
24 Mason, Laurence and Emery violated, and unless restrained and enjoined will continue  
25 to violate Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)]. Complaint  
26 ¶ 35.

27           25. Gianakos aided and abetted Efstathiou, Mason, Laurence, and  
28 Emery's violations of Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)],



1 and unless restrained and enjoined will continue to aid and abet violations of that  
2 provision. Complaint ¶ 36.

3 **CONCLUSIONS OF LAW**

4 **BY REASON OF THE FOREGOING**, this Court has subject  
5 matter jurisdiction of this action and personal jurisdiction of Defendants Mason and  
6 Emery;

7 **BY REASON OF THE FOREGOING**, Defendants Mason and  
8 Emery, in the offer or sale of a security by the use of any means or instruments of  
9 transportation or communication in interstate commerce or by use of the mails, directly  
10 and indirectly: a) employed a device, scheme, or artifice to defraud; (b) obtained money  
11 or property by means of any untrue statement of a material fact and omission of a  
12 material fact necessary in order to make the statements made, in light of the  
13 circumstances under which they were made, not misleading; and (c) engaged in  
14 transactions, practices, and courses of business which operated as a fraud or deceit  
15 upon the purchaser, in violation of Section 17(a) of the Securities Act [15 U.S.C. §  
16 77q(a)].

17 **BY REASON OF THE FOREGOING**, Defendants Mason and  
18 Emery, directly or indirectly, by the use of any means or instrumentality of interstate  
19 commerce, and of the mails: a) employed a device, scheme, or artifice to defraud;  
20 (b) made an untrue statement of a material fact and omitted to state a material fact  
21 necessary in order to make the statements made, in the light of the circumstances  
22 under which they were made, not misleading; and (c) engaged in an act, practice, or  
23 course of business which operated as a fraud or deceit upon other persons, in  
24 violation of Section 10(b) of the Exchange [15 U.S.C. § 78j(b)] and Rule 10b-5  
25 promulgated thereunder [17 C.F.R. § 240.10b-5].

26 **BY REASON OF THE FOREGOING**, Defendants Mason and  
27 Emery, directly or indirectly, made use of the means or instruments of transportation  
28 or communication in interstate commerce or of the mails to offer and sell securities

1 through the use or medium of a prospectus or otherwise when no registration  
2 statement has been filed or was in effect as to such securities and when no exemption  
3 from registration was available in violation of Sections 5(a) and (c) of the Securities  
4 Act [15 U.S.C. §§ 77e (a) and (c)].

5 **BY REASON OF THE FOREGOING**, Defendants Mason and  
6 Emery, directly or indirectly made use of the mails or means or instrumentalities of  
7 interstate commerce to effect transactions in, or to induce or attempt to induce the  
8 purchase or sale of, securities when he neither was registered with the Commission as  
9 a broker-dealer nor when associated with a Commission registered broker-dealer in  
10 violation of Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)].

11 **BY REASON OF THE FOREGOING**, Defendants Mason and  
12 Emery participated in the offering of a penny stock. Exchange Act Sections 3(a)(51)  
13 and 21(d)(6)(B) and Rule 3a51-1 thereunder. [15 U.S.C. §§ 78c(a)(51), 78u(d)(6)(B),  
14 17 C.F.R. 240.3a51-1.]

15 **THEREFORE,**

16 **I.**

17 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT**  
18 the Commission's Motion for Entry of Default Judgment with respect to Defendants  
19 Mason and Emery is hereby granted.

20 **II.**

21 **IT IS FURTHER ORDERED, ADJUDGED AND DECREED**  
22 **THAT** Defendants Mason and Emery, their agents, servants, employees, attorneys,  
23 assigns, and all persons in active concert or participation with them who receive actual  
24 notice of this Final Judgment by personal service or otherwise are permanently  
25 restrained and enjoined from violating Section 17(a) of the Securities Act [15 U.S.C.  
26 § 77q(a)] in the offer or sale of any security by the use of any means or instruments  
27 of transportation or communication in interstate commerce or by use of the mails,  
28 directly or indirectly:

- 1 (a) to employ any device, scheme, or artifice to defraud;
- 2 (b) to obtain money or property by means of any untrue
- 3 statement of a material fact or any omission of a material fact
- 4 necessary in order to make the statements made, in light of the
- 5 circumstances under which they were made, not misleading; or
- 6 (c) to engage in any transaction, practice, or course of business
- 7 which operates or would operate as a fraud or deceit upon the
- 8 purchaser.

9 **III.**

10 **IT IS FURTHER ORDERED, ADJUDGED AND DECREED**  
 11 **THAT** Defendants Mason and Emery, their agents, servants, employees, attorneys,  
 12 assigns, and all persons in active concert or participation with them who receive actual  
 13 notice of this Final Judgment by personal service or otherwise are permanently  
 14 restrained and enjoined from violating, directly or indirectly, Section 10(b) of the  
 15 Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule  
 16 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or  
 17 instrumentality of interstate commerce, or of the mails, or of any facility of any national  
 18 securities exchange, in connection with the purchase or sale of any security:

- 19 (a) to employ any device, scheme, or artifice to defraud;
- 20 (b) to make any untrue statement of a material fact or to omit to
- 21 state a material fact necessary in order to make the statements made, in the light
- 22 of the circumstances under which they were made, not misleading; or
- 23 (c) to engage in any act, practice, or course of business which
- 24 operates or would operate as a fraud or deceit upon any person.

25 **IV.**

26 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED**  
 27 **THAT** Defendants Mason and Emery, their agents, servants, employees, attorneys,  
 28 assigns, and all persons in active concert or participation with them who receive actual

1 notice of this Final Judgment by personal service or otherwise are permanently  
2 restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. §  
3 77e] by, directly or indirectly, in the absence of any applicable exemption:

4 (a) Unless a registration statement is in effect as to a security, making use of  
5 any means or instruments of transportation or communication in interstate  
6 commerce or of the mails to sell such security through the use or medium  
7 of any prospectus or otherwise;

8 (b) Unless a registration statement is in effect as to a security, carrying or  
9 causing to be carried through the mails or in interstate commerce, by any  
10 means or instruments of transportation, any such security for the purpose  
11 of sale or for delivery after sale; or

12 (c) Making use of any means or instruments of transportation or  
13 communication in interstate commerce or of the mails to offer to sell or  
14 offer to buy through the use or medium of any prospectus or otherwise  
15 any security, unless a registration statement has been filed with the  
16 Commission as to such security, or while the registration statement is the  
17 subject of a refusal order or stop order or (prior to the effective date of  
18 the registration statement) any public proceeding of examination under  
19 Section 8 of the Securities Act [15 U.S.C. § 77h].

20 V.

21 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED**  
22 **THAT** Defendants Mason and Emery, their agents, servants, employees, attorneys,  
23 assigns, and all persons in active concert or participation with them who receive actual  
24 notice of this Final Judgment by personal service or otherwise are permanently  
25 restrained and enjoined from making use of the mails or any means or instrumentality  
26 of interstate commerce to effect any transactions in, or to induce or attempt to induce  
27 the purchase or sale of, any security, without being registered as a broker and/or  
28 dealer pursuant to Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b), in

1 violation of Section 15(a)(1) of the Exchange Act, 15 U.S.C. § 78o(a)(1).

2 **VI.**

3 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED**  
4 **THAT** Defendants Mason and Emery are permanently barred from participating in  
5 an offering of penny stock, including engaging in activities with a broker, dealer, or  
6 issuer for purposes of issuing, trading, or inducing or attempting to induce the  
7 purchase or sale of any penny stock. A penny stock is any equity security that has  
8 a price of less than five dollars except as provided in Rule 3a51-1 under the Exchange  
9 Act [17 C.F.R. 240.3a51-1].

10 **VII.**

11 **IT IS FURTHER ORDERED, ADJUDGED AND DECREED**  
12 **THAT** Defendant Mason is individually liable for \$176,514.50 in disgorgement and  
13 \$50,744.02 in prejudgment interest, and jointly and severally liable with Defendant  
14 Emery for \$379,659.91 in disgorgement and \$34,814.00 in prejudgment interest  
15 representing profits gained as a result of the conduct alleged in the Complaint.  
16 Defendant Mason is also individually liable for a civil penalty in the amount of  
17 \$230,000.00 and Defendant Emery is individually liable for a civil penalty in the  
18 amount of \$120,000.00 pursuant to Section 20(d) of the Securities Act [15 U.S.C. §  
19 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

20 **VIII.**

21 **IT IS FURTHER ORDERED, ADJUDGED AND DECREED**  
22 **THAT** Defendant Mason shall satisfy this obligation by paying \$871,732.43 within  
23 ten business days to the Clerk of this Court, together with a cover letter identifying  
24 Paul Wayne Mason (a/k/a Louis Ronnie Sarpy) as a defendant in this action; setting  
25 forth the title and civil action number of this action and the name of this Court; and  
26 specifying that payment is made pursuant to this Final Judgment.

27 **IX.**

28 **IT IS FURTHER ORDERED, ADJUDGED AND DECREED**

1 **THAT** Defendant Emery shall satisfy this obligation by paying \$534,473.91 within ten  
2 business days to the Clerk of this Court, together with a cover letter identifying  
3 Kristen Luck Emery as a defendant in this action; setting forth the title and civil action  
4 number of this action and the name of this Court; and specifying that payment is  
5 made pursuant to this Final Judgment.

6 **X.**

7 **IT IS FURTHER ORDERED, ADJUDGED AND DECREED**  
8 **THAT** Defendants Mason and Emery shall simultaneously transmit photocopies of  
9 such payment and letter to the SEC's counsel in this action.

10 **XI.**

11 **IT IS FURTHER ORDERED, ADJUDGED AND DECREED**  
12 **THAT** by making this payment, Defendants Mason and Emery relinquish all legal and  
13 equitable right, title, and interest in such funds, and no part of the funds shall be  
14 returned to Defendants Mason and Emery.

15 **XII.**

16 **IT IS FURTHER ORDERED, ADJUDGED AND DECREED**  
17 **THAT** The Clerk shall deposit the funds into an interest bearing account with the  
18 Court Registry Investment System ("CRIS"). These funds, together with any interest  
19 and income earned thereon (collectively, the "Fund"), shall be held by the CRIS until  
20 further order of the Court. In accordance with the guidelines set by the Director of  
21 the Administrative Office of the United States Courts, the Clerk is directed, without  
22 further order of this Court, to deduct from the income earned on the money in the  
23 Fund a fee equal to ten percent of the income earned on the Fund. Such fee shall not  
24 exceed that authorized by the Judicial Conference of the United States. The  
25 Commission may by motion propose a plan to distribute the Fund subject to the  
26 Court's approval. Such a plan may provide that Fund shall be distributed pursuant  
27 to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002.  
28 Regardless of whether any such Fair Fund distribution is made, amounts ordered to

1 be paid as civil penalties pursuant to this Judgment shall be treated as penalties paid  
2 to the government for all purposes, including all tax purposes.

3 **XIII.**

4 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED THAT** the  
5 Court retains jurisdiction of this action in accordance with the principles of equity and  
6 the Federal Rules of Civil Procedure in order to implement and carry out the terms  
7 of all orders and decrees that may be entered, or to entertain any suitable application  
8 or motion for additional relief within the jurisdiction of this Court.

9 **XIV.**

10 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED THAT** there  
11 being no just cause for delay, the Clerk of the Court is directed, pursuant to Rule  
12 54(b) of the Federal Rules of Civil Procedure, to enter this Final Judgment against  
13 Defendant Mason forthwith and without further notice.

14  
15 **SO ORDERED.**

16  
17 Dated: August 4, 2003

*Alanna H. Stettin*

United States District Judge

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**Certificate of Service**

I hereby certify that I caused true and correct copies of the following documents to be served on Defendants Mason and Emery by personal service, and on Defendant Anderson by U.S. Mail at the addresses shown on the attached service list:

MOTION OF PLAINTIFF SECURITIES AND EXCHANGE  
COMMISSION FOR ENTRY OF DEFAULT JUDGMENT UNDER FED.  
R. CIV.P. 55(b)(2)

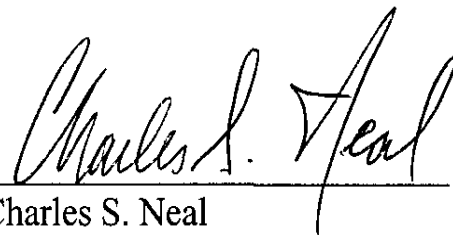
NOTICE - WARNING OF MOTION BY PLAINTIFF SECURITIES AND  
EXCHANGE COMMISSION FOR ENTRY OF JUDGMENT BY  
DEFAULT AGAINST DEFENDANTS PAUL WAYNE MASON (a/k/a  
LOUIS RONNIE SARPY) AND KRISTEN LUCK EMERY

DECLARATION OF KENNETH GUIDO IN SUPPORT OF PLAINTIFF  
SECURITIES AND EXCHANGE COMMISSION'S MOTION FOR  
ENTRY OF DEFAULT JUDGMENTS UNDER FED. R. CIV. P. 55(b)(2)

MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF SECURITIES  
AND EXCHANGE COMMISSION'S MOTION FOR ENTRY OF  
DEFAULT JUDGMENT UNDER FED. R. CIV. 55(b)(2)

[PROPOSED] FINDINGS, ORDER AND FINAL JUDGMENT OF  
DEFAULT AGAINST DEFENDANTS PAUL WAYNE MASON (a/k/a  
LOUIS RONNIE SARPY) AND KRISTEN LUCK EMERY

Dated: May 28, 2003



Charles S. Neal  
Senior Counsel, Division of  
Enforcement  
Securities & Exchange Commission  
450 Fifth St., N.W.  
Washington, DC 20549-0803  
(202) 942-4576



Service List

SEC v. North American Medical Products, Inc. et al. SACV-03-250 AHS(ANx)

Louis Ronnie Sarpy (a/k/a Paul Wayne Mason)  
Booking ID # 7665785  
Los Angeles County Men's Central Jail – Module 3200  
441 Bauchet Street  
Los Angeles, CA 90012

Laurence Mark Anderson a/k/a Ron Laurence  
4929 Southridge Avenue  
Los Angeles, CA 90043

Kristin Luck Emery  
CDC # W93376  
California Institution for Women  
16756 Chino Corona Road  
Corona, CA 98850