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 8 **UNITED STATES DISTRICT COURT**  
 9 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**  
 10 **WESTERN DIVISION**

11 SECURITIES AND EXCHANGE COMMISSION,

12 Plaintiff,

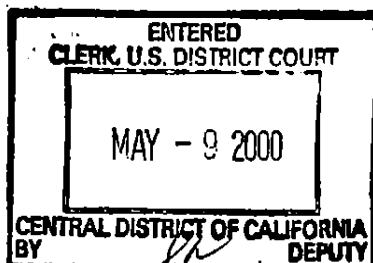
13 vs.

14 ASSURED INTERNATIONAL, INC., SAM E.  
 HARRIS, SHARP FINANCIAL CORP., MAX  
 15 BECKER AND TRALANA LEE,

16 Defendants.

Case No. CV 99-00530 FMC (BQRx)

[PROPOSED] ORDER GRANTING  
 MOTION BY PLAINTIFF SECURITIES  
 AND EXCHANGE COMMISSION FOR  
 SUMMARY JUDGMENT; FINAL  
 JUDGMENT OF PERMANENT  
 INJUNCTION AND DISGORGEMENT  
 AGAINST DEFENDANTS ASSURED  
 INTERNATIONAL, INC., SAM E.  
 HARRIS, SHARP FINANCIAL CORP.,  
 MAX BECKER AND TRALANA LEE, AND  
 IMPOSING CIVIL PENALTIES  
 AGAINST DEFENDANTS SAM E.  
 HARRIS, MAX BECKER AND TRALANA  
 LEE; ORDER APPOINTING  
 DISBURSING AGENT



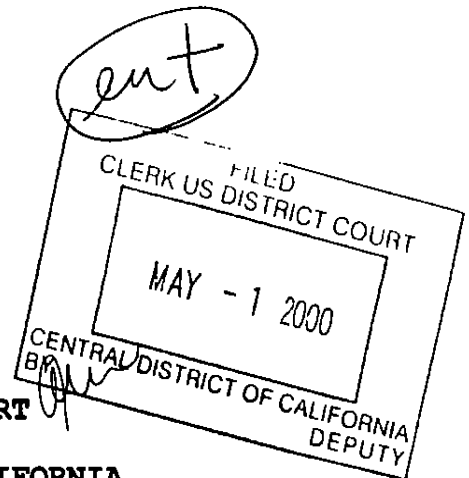
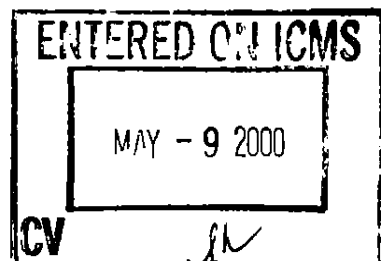
22 This matter came to be heard upon the motion by Plaintiff  
 23 Securities and Exchange Commission ("Commission") for summary  
 24 judgment against Defendants Assured International, Inc. ("Assured"),  
 25 Sam E. Harris ("Harris"), Sharp Financial Corp. ("Sharp"), Max  
 26 Becker ("Becker") and Tralana Lee ("Lee") regarding all issues in  
 27 this action against them.

28 ///

✓ Docketed  
 ✓ 5 Copies / NTC Sent  
 ✓ JS - 5 / JS - 6  
 ✓ JS - 2 / JS - 3  
 ✓ CLSD

THIS CONSTITUTES NOTICE OF ENTRY  
 AS REQUIRED BY FRCP, RULE 77(d).

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The Court, having considered the Commission's statement of uncontroverted facts and conclusions of law, the declarations and exhibits submitted regarding the motion, the Commission's memorandum of points and authorities, and all other evidence, memoranda and argument presented in favor of and in opposition to the Commission's motion:

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the Commission's motion for summary judgment is GRANTED.

## II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants Assured, Harris, Sharp, Becker and Lee and their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with any of them, who receive actual notice of this order, by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined from, directly or indirectly, in the offer or sale of any securities, by the use or any means or instruments of transportation or communication in interstate commerce or by the use of the mails:

- 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 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. engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser;

1 in violation of Section 17(a) of the Securities Act [15 U.S.C. §  
2 77q(a)].

3 III.

4 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that  
5 Defendants Assured, Harris, Sharp, Becker and Lee and their  
6 officers, agents, servants, employees, attorneys, and those persons  
7 in active concert or participation with any of them, who receive  
8 actual notice of this order, by personal service or otherwise, and  
9 each of them, be and hereby are permanently restrained and enjoined  
10 from, directly or indirectly, in connection with the purchase or  
11 sale of any security, by the use of any means or instrumentality of  
12 interstate commerce, or of the mails, or of any facility or any  
13 national securities exchange:

- 14 A. employing any device, scheme or artifice to defraud;  
15 B. making any untrue statement of material fact or  
16 omitting to state a material fact necessary in order  
17 to make the statements made, in the light of the  
18 circumstances under which they were made, not  
19 misleading; or  
20 C. engaging in any act, practice, or course of business  
21 which operates or would operate as a fraud or deceit  
22 upon any person;

23 in violation of Section 10(b) of the Exchange Act [15 U.S.C. §  
24 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

25 IV.

26 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the  
27 Defendants Assured, Harris, Sharp, Becker and Lee shall pay  
28 disgorgement in the following amounts, representing their respective

1 ill-gotten gains, together with prejudgment interest thereon: (1)  
2 Defendant Assured shall disgorge \$1,270,717.88 consisting of the  
3 \$1,134,217.88 raised by Assured and the \$136,500 raised by Sharp  
4 from the sale of Assured stock, together with prejudgment interest  
5 thereon in the amounts of \$93,101.68 and \$6,524.41 respectively, a  
6 total of \$1,370,343.97; (2) Defendant Harris shall pay disgorgement  
7 in the amount of \$249,783, together with prejudgment interest  
8 thereon in the amount of \$22,647.24, a total of \$272,430.24; (3)  
9 Defendant Sharp shall pay disgorgement in the amount of \$136,500,  
10 together with prejudgment interest thereon in the amount of  
11 \$6,524.41, a total of \$143,024.41; (4) Defendant Becker shall  
12 disgorge \$54,341.47, consisting of \$50,891.47 received from Assured  
13 and \$3,450 received from Sharp, together with prejudgment interest  
14 thereon in the amounts of \$4,251.65 and \$166.04 respectively, a  
15 total of \$58,759.16; and (5) Defendant Lee shall disgorge  
16 \$73,164.02, consisting of \$52,733.19 received from Sharp and  
17 \$20,430.83 received from Assured, together with prejudgment interest  
18 thereon in the amounts of \$2,700.01 and \$2,126.85 respectively, a  
19 total of \$77,990.88.

20 V.

21 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant  
22 Assured shall be jointly and severally liable with the other  
23 Defendants for the disgorgement and prejudgment interest owed by  
24 each Defendant. Accordingly, the \$1,370,343.97 Assured must  
25 disgorge includes \$272,430.24 for which Assured is jointly and  
26 severally liable with Harris; \$3,616.04 for which Assured is jointly  
27 and severally liable with Becker and Sharp; \$55,143.12 for which  
28 Assured is jointly and severally liable with Becker; \$55,433.20 for

1 which Assured is jointly and severally liable with Sharp and Lee;  
2 \$22,557.68 for which Assured is jointly and severally liable with  
3 Lee; and \$143,024.41 for which Assured is jointly and severally  
4 liable with Sharp.

5 VI.

6 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Thomas F.  
7 Lennon is appointed the Disbursing Agent in this case. Mr. Lennon  
8 shall take control of all funds currently frozen in bank accounts  
9 owned and controlled by Assured and Harris, and the cashier's check  
10 payable to Sharp in the possession of defense counsel. Upon receipt  
11 of the funds by Mr. Lennon, he shall deposit such funds in an  
12 interest bearing account held in the name of Thomas F. Lennon as  
13 Disbursing Agent. Mr. Lennon shall distribute all funds received to  
14 investors on a pro-rata basis. Mr. Lennon shall be paid a flat fee  
15 of \$4,000 for his services. Should Mr. Lennon perform additional  
16 services, he shall be permitted to apply to the Court for payment of  
17 his expenses and additional reasonable fees not to exceed \$200 per  
18 hour.

19 VII.

20 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the above  
21 disgorgement and prejudgment interest for which Defendants Assured,  
22 Harris, Sharp, Becker and Lee are liable shall be immediately  
23 deposited with the Disbursing Agent appointed by this Court, Thomas  
24 F. Lennon. With respect to the amounts owed by Assured and Harris,  
25 all rights to, title to and possession of their assets frozen  
26 pursuant to the Court's February 12, 1999 Order of Preliminary  
27 Injunction and Orders (1) Continuing Asset Freeze And (2)  
28 Prohibiting The Destruction Of Documents, shall be transferred to

the Disbursing Agent, except to the extent that the value of those assets exceeds the amount of disgorgement, prejudgment interest and civil penalties owed by Defendants Assured and Harris. Any bank, financial institution, or other entity or person holding such frozen funds or assets shall immediately turn over such funds or assets to the Disbursing Agent. Such frozen assets ordered to be disgorged by Assured and Harris include, but are not limited to, the following assets of Assured and Harris:

<u>Bank Name</u>	<u>Account Name</u>	<u>Account Number</u>
Union Bank of California	Assured International, Inc.	0500030909 0500033770
Union Bank of California	Sam E. Harris	0501925374
Bank of America	Assured International, Inc.	21478-63154
California Federal Bank (formerly known as Glendale Federal)	Harris, Devaugh & Kyle, Inc.	071-820005-1
Comerica Bank	KSH Group, Inc.	1891173047

Assured, Harris and/or any bank, financial institution, brokerage firm, or other entity or person holding such frozen funds or assets in which Assured or Harris has an interest shall immediately turn over such funds or assets to the Disbursing Agent. Defendants Assured and Harris shall execute all documents necessary to completely transfer their interests in such frozen funds or assets to the Disbursing Agent, regardless of whether such interests are partial, beneficial, or full legal ownership interests.

#### VIII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, with

1 regard to the amounts owed by Sharp, all rights to, title to and  
2 possession of its assets shall be transferred to the Disbursing  
3 Agent, except to the extent that the value of those assets exceeds  
4 the amount of disgorgement and prejudgment interest owed by Sharp.  
5 Any bank, financial institution, or other entity or person holding  
6 such assets shall immediately turn over such funds or assets to the  
7 Dispersing Agent. Defendant Lee and/or any attorney representing  
8 Defendant Sharp or Defendant Lee, including William J. Kesatie,  
9 shall execute all documents necessary for such transfer to be  
10 completed.

11 IX.

12 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that  
13 Defendants Harris, Becker and Lee, pursuant to Section 20(d) of the  
14 Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the  
15 Exchange Act [15 U.S.C. § 78u(d)(3)], shall pay third-tier civil  
16 penalties in the following amounts: (1) Harris shall pay a third-  
17 tier civil penalty in the amount of \$110,000; (2) Lee shall pay a  
18 third-tier civil penalty in the amount of \$110,000; and (3) Becker  
19 shall pay a third-tier civil penalty in the amount of \$54,341.47.  
20 Harris, Becker and Lee shall pay such penalties within five days of  
21 the entry of this Final Judgment by cashier's check, certified check  
22 or postal money order, made payable to the United States Treasury,  
23 which cashier's check, certified check or postal money order shall  
24 be transmitted to the Comptroller, Securities and Exchange  
25 Commission, 450 Fifth Street, N.W., Stop 0-3, Washington, D.C.  
26 20549, under cover of a letter which identifies the defendant, the  
27 name and case number of this litigation and the name of the Court.  
28 A copy of the cover letter shall be simultaneously transmitted to

1 counsel for the Commission at its Los Angeles office.

2 X.

3 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, pending  
4 full payment by Assured and Harris of all ordered disgorgement,  
5 prejudgment interest and penalties, the freeze on all monies,  
6 property, assets and securities (with an allowance for necessary and  
7 reasonable living expenses to be granted only upon good cause shown  
8 by application to the Court with notice to and an opportunity for  
9 the Commission to be heard) shall continue in full force and effect,  
10 pending further order by the Court, over all accounts and safe  
11 deposit boxes at any bank, financial institution or brokerage firm,  
12 all certificates of deposit, other funds, property, assets, or  
13 securities held in the name of, for the benefit of, or over which  
14 account authority is held by:

15 A. Sam E. Harris;

16 B. Assured International, Inc.

17 which accounts include, but are not limited to, the accounts which  
18 are listed in paragraph VII above.

19 XI.

20 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, except  
21 as otherwise ordered by this Court, Defendants Assured, Harris,  
22 Sharp, Becker and Lee, their officers, agents, attorneys, and those  
23 persons in active concert or participation with any of them, who  
24 receive actual notice of this Order, by personal service or  
25 otherwise, and each of them, be and hereby are permanently  
26 restrained and enjoined from, directly or indirectly: destroying,  
27 mutilating, concealing, transferring, altering, or otherwise  
28 disposing of, in any manner, any documents which includes all books,



1 records, computer programs, computer files, computer printouts,  
2 correspondence, memoranda, brochures, or any other documents of any  
3 kind in their possession, custody or control, however created,  
4 produced, or stored (manually, mechanically, electronically, or  
5 otherwise), pertaining in any manner to Defendants Assured, Harris,  
6 Sharp, Becker and Lee, or any subsidiaries and affiliates.

7 XII.

8 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this  
9 Court shall retain jurisdiction over this action for the purpose of  
10 implementing and carrying out the terms of this order and all other  
11 orders and decrees which have been or may be entered herein and to  
12 entertain any suitable application or motion for additional relief  
13 within the jurisdiction of this Court.

14 \* \* \* \* \*

15 There being no just reason for delay, the Clerk of the  
16 Court is hereby directed, pursuant to Fed. R. Civ. P. 54(b) to enter  
17 this Judgment forthwith.

18 IT IS SO ORDERED.

19  
20 Dated: 5/1/00

21   
22 HONORABLE FLORENCE-MARIE COOPER  
23 UNITED STATES DISTRICT JUDGE  
24  
25  
26  
27  
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**CERTIFICATE OF SERVICE**

I, Magnolia M. Marcelo, am over the age of 18 years, not a party to this action, and am a citizen of the United States. My business address is 5670 Wilshire Blvd., 11<sup>th</sup> Floor, Los Angeles, California 90036. On April 10, 2000, at the direction of a member of the bar of this Court, I caused to be served the **[PROPOSED] ORDER GRANTING MOTION BY PLAINTIFF SECURITIES AND EXCHANGE COMMISSION FOR SUMMARY JUDGMENT; FINAL JUDGMENT OF PERMANENT INJUNCTION AND DISGORGEMENT AGAINST DEFENDANTS ASSURED INTERNATIONAL, INC., SAM E. HARRIS, SHARP FINANCIAL CORP., MAX BECKER AND TRALANA LEE, AND IMPOSING CIVIL PENALTIES AGAINST DEFENDANTS SAM E. HARRIS, MAX BECKER AND TRALANA LEE; ORDER APPOINTING DISBURSING AGENT** by causing to be hand delivered a true and correct copy thereof in a sealed envelope, addressed to:

William J. Kesatie, Esq.  
Law Offices of William J. Kesatie  
101 Moody Court, Suite 208  
Thousand Oaks, CA 91360

I declare under penalty of perjury that the foregoing is true and correct.

DATED: April 10, 2000

Magnolia M. Marcelo  
MAGNOLIA M. MARCELO