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04 SEP 30 AM 10: 57
LEGAL PROCESS #1

SUPERIOR COURT OF CALIFORNIA

COUNTY OF SACRAMENTO

People of the State of California, ex rel. Bill Lockyer, Attorney General of the State of California, Plaintiff, **v.** **Georgio S.A. Keranis Viomichaniki Emporiki & Ependytiki Anonymos, also known as Etaireia G.A. Keranis Veee (Industry & Holdings S.A.), also known as Keranis Holdings S.A., also known as G.A. Keranis (Tobacco) S.A., a foreign corporation, and DOES 1 through 100, inclusive,** Defendant.	CASE NO. 02AS07514 **NOTICE OF ENTRY OF JUDGMENT**

PLEASE TAKE NOTICE that on September 21, 2004, the Sacramento Superior Court per Judge Thomas M. Cecil issued a Judgment in the above-captioned action. A true copy of the Judgment is attached hereto as Exhibit A and incorporated by reference herein.

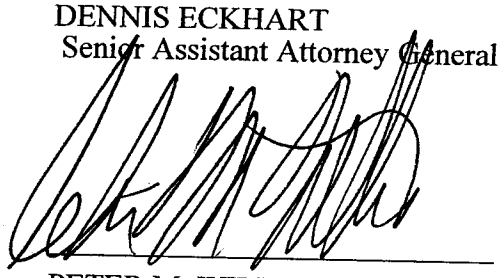
Dated: September 27, 2004

Respectfully submitted,

BILL LOCKYER
Attorney General of the State of California

TOM GREENE
Chief Assistant Attorney General

DENNIS ECKHART
Senior Assistant Attorney General



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Attorneys for Plaintiff

FILED
ENDORSED

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SACRAMENTO COURTS
DEPT. #53 #54

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SACRAMENTO

PEOPLE OF THE STATE OF CALIFORNIA, ex. Rel. BILL LOCKYER, Attorney General of the State of California, Plaintiff, v. **GEORGIO S.A. KERANIS VIOMICHANIKI EMPORIKI ANONYMOUS, also known as ETAIREIA G.A. KERANIS VEEE (Industry & Holdings of S.A.), also known as KERANIS HOLDINGS S.A., also known as G.A. KERANIS (Tobacco) S.A., a foreign corporation, and DOES 1 through 100, inclusive,** Defendant.	CASE NO. 02AS07514 [redacted] **JUDGMENT BY COURT AFTER DEFAULT**

THIS MATTER is before the Court on *Plaintiff's Request for Entry of Default Judgment* against Defendant **GEORGIO S.A. KERANIS VIOMICHANIKI EMPORIKI ANONYMOUS, also known as ETAIREIA G.A. KERANIS VEEE (Industry & Holdings of S.A.), also known as KERANIS HOLDINGS S.A., also known as G.A. KERANIS (Tobacco) S.A., a foreign corporation,** (hereafter, "**KERANIS**"). This Court has considered

Plaintiff's Request for Entry of Default Judgment and accompanying declarations, papers and exhibits thereto, and the entire record in this matter and hereby finds as follows:

1. The Attorney General of the State of California brings this action on behalf of Plaintiff, the People of the State of California, pursuant to California Health and Safety Code section 104557(c), to enforce the reserve fund requirements of California Health and Safety Code sections 104555-104557.

2. The Defendant, **KERANIS**, is a company that has transacted and is transacting business in California and manufactures cigarettes as defined in California Health and Safety Code section 104556(i)(1).

3. At least thirty (30) days have passed since the date of service of the Summons and First Amended Verified Complaint and **KERANIS** has failed to appear and defend in this court.

4. **KERANIS** was not at the time of service of said Summons and First Amended Verified Complaint, nor is now, an infant or minor, a financially incapable, incapacitated or incompetent person, nor in the military service as defined by Article 1 of the "Soldiers' and Sailors' Civil Relief Act of 1940" as amended (50 U.S.C. Appen. § 501 et seq.).

5. Jurisdiction has been reviewed and is proper pursuant to California Code of Civil Procedure, section 410.10.

6. Venue has been reviewed and is proper pursuant to California Code of Civil Procedure, section 393.

7. **KERANIS** has failed and continues to fail and/or refuse to comply or otherwise bring itself into compliance with the reserve fund requirements of California Health and Safety Code, sections 104555-104557 and implementing regulations (Title 11, Calif. Code of Reg., §§ 999.10a through 999.14).

8. **KERANIS** has engaged in and continues to engage in acts of unfair competition as defined in California Business & Professions Code, section 17200, in that **KERANIS** has failed to establish the required reserve fund and failed to certify compliance to the Attorney General, in violation of California Health and Safety Code sections 104555, 104556, and 104557 and implementing regulations.

9. Notwithstanding notice, **KERANIS** failed to establish a Qualified Escrow Fund (as defined in California Health and Safety Code section 104556(f)) and also failed to make the annual deposits as required under California Health and Safety Code section 104557. Accordingly, **KERANIS**'s actions constitute "knowing" violations.

THEREFORE, default having been entered by the clerk against **KERANIS,** as requested by Plaintiff, **JUDGMENT** is accordingly entered in favor of the Plaintiff and against **KERANIS** with respect to all claims, **AS FOLLOWS:**

A. **KERANIS** shall, within fifteen (15) days of this Order, place into a Qualified Escrow Fund the following amounts as such amounts are adjusted for inflation as required by California Health and Safety Code section 104557(a)(2):

> **<u>Sales during the year 2001</u>:**
> **(1,969,200 units x $0.0136125%) plus 9.68306% for inflation for a total of $29,401.34.**

B. **KERANIS** shall, within fifteen (15) days of this Order, provide Plaintiff with a list of the names of all cigarette brands manufactured by **KERANIS**, as well as unit sales information and supporting documentation for sales in California in 2001.

C. **KERANIS** shall, within fifteen (15) days of this Order, pay civil penalties in the amount of 300% of the escrow amounts improperly withheld, for a total of **$88,204.02** for knowingly violating California Health and Safety Code section 104557(a)(2), (c), by failing to certify to the Attorney General for the State of California that it is in compliance with California's reserve fund statute and for knowingly failing to establish a qualified escrow fund as defined under California Health and Safety Code section 104556(f) and knowingly failing to deposit sufficient escrow funds into a qualified escrow fund as required under California Health & Safety Code section 104557.

D. **KERANIS** shall, within fifteen (15) days from the date of this Order, shall appoint an agent for service of process in California for enforcement of this judgment and order until this judgment is satisfied, the order is obeyed and the injunction is dissolved.

E. The Court shall retain jurisdiction in this matter.

F. **KERANIS** shall within fifteen (15) days of this Order, pay all Plaintiff's reasonable

costs, including but not limited to filing fees in the amount of **$241.50** pursuant to Government Code section 6103.5 and subject to modification and/or further relief as this Court deems just and proper.

G. The Court further orders, as just and appropriate, the following:

1) Name/Address of Judgment Creditors:
State of California
c/o Department of Justice–Office of the Attorney General
1300 I. Street
P.O. Box 944255
Sacramento, CA 94244-2550

2) Name/Address/Phone-Judgment Creditor's Attorney:
Peter M. Williams, Deputy Attorney General
Department of Justice–Office of the Attorney General
1300 I. Street
P.O. Box 944255
Sacramento, CA 94244-2550
(916) 323-3795

3) Name/Address-Judgment Debtor:
KERANIS ENTERPRISES/6 NATIONS
39 Athinon Street
Pireaus, Greece

4) Principal Amount of Judgment for Escrow: **$29,401.34**

5) Principal Amount of Judgment for Penalties: **$88,204.02**

6) Costs: **$ 241.50**

7) Post-judgment simple interest at the rate of ten percent (10%) per annum on the total judgment which consists of items 4 thru 6 from the date of judgment is entered until fully paid. Interest is compounded annually.

IT IS SO ORDERED, ADJUDGED AND DECREED.

Da SEP 21 2004

THOMAS M. CECIL

Judge of the Superior Court

Keranis Propose Judgmen.wpd

DECLARATION OF MAILING
(AG Mailroom)

RE: PEOPLE V. GEORGIO S.V. KERANIS, et al.
Sacramento County Superior Court No. 02AS07514

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar at which member's direction this service is made. I am 18 years of age or older and not a party to this matter. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal Service that same day in the ordinary course of business.

On September 27, 2004, I served the attached **NOTICE OF ENTRY OF JUDGMENT** by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid, in the internal mail collection system at the Office of the Attorney General at Sacramento, addressed as follows:

KERANIS HOLDINS
39 Antinon St,
185 40, Piraeus, Greece

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on September 27, 2004, at Sacramento, California.

Kim Lahn
Typed Name

Kim Lahn
Signature