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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF SACRAMENTO

10 THE PEOPLE OF THE STATE OF
11 CALIFORNIA, by and through the
12 COMMISSIONER OF CORPORATIONS,

13 Plaintiff,

14 v.

15 HAPJACK MARKETING, INC.;
16 INNOVATIVE BUSINESS SOLUTIONS,
17 LLC; HOTEL CONNECT, LLC; WORLD
18 CASH NETWORK, LLC; BILLY RAY
19 SMITH; CLAUDE D. SMITH; MARK L.
20 EHRlich; BRIAN T. GRIGGS; GARY M.
21 APPELBLATT; DAVID D. FARRELL;
HAROLD P. COFFIN; AND DOES 1 through
100,

21 Defendants.

Case No. 00AS00776

JUDGMENT OF PERMANENT
INJUNCTION AND ANCILLARY RELIEF
AGAINST DEFENDANTS HAPJACK
MARKETING, INC.; INNOVATIVE
BUSINESS SOLUTIONS, LLC; HOTEL
CONNECT, LLC; WORLD CASH
NETWORK, LLC; BILLY RAY SMITH;
CLAUDE D. SMITH; DAVID D. FARRELL

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Trial Date: October 29, 2001
Dept: 15
Judge: Honorable Judy Hersher

23 This case came on regularly for trial on the date and time indicated above, in Department 15,
24 with the Honorable Judy Herscher presiding. Following presentation of evidence and in accordance
25 with the Statement of Decision issued December 7, 2001, the Court hereby enters Judgment against
26 defendants Hapjack Marketing, Inc.; Innovative Business Solutions LLC; Hotel Connect LLC; World
27 Cash Network LLC; Billy Ray Smith; Claude D. Smith; and David D. Farrell, and each individually
28 and collectively or jointly, as follows:

1 (1) Defendants shall disgorge the sum of \$12,028,353.40, plus interest at the legal rate
2 from date of entry of judgment;

3 (2) Defendants shall pay civil penalties in the amount of \$13,200,000; and

4 (3) The temporary injunction issued previously in this matter shall become a permanent
5 injunction as to all defendants referenced herein, as follows:

6 Defendants, and each of them, are restrained and enjoined from engaging in or
7 performing, directly or indirectly, any and all of the following acts:

8 A. Offering or selling promissory notes, evidences of indebtedness, investment contracts,
9 or any other security in this state in violation of the terms of Section 25110 of the
10 California Corporations Code.

11 B. Offering or selling such securities or any security in this state by means of any written
12 or oral communication of any kind whatsoever which includes any untrue statement of
13 any material fact or omits or fails to state any material fact necessary in order to make
14 the statements made, in light of the circumstances under which they are made, not
15 misleading.

16 IT IS FURTHER ORDERED that:

17 (4) It is in the interests of justice and equity that the Court maintain continuing jurisdiction
18 over this matter, until such time as all funds subject to disgorgement and civil penalties are obtained
19 and distributed.

20 (5) No funds collected or received as a result of this judgment shall be allocated or
21 disbursed except upon prior written approval of this Court.

22 (6) No settlement in satisfaction of this judgment may be entered into except upon prior
23 written approval of the Court.

24 (7) The Commissioner, and or his duly designated representative or attorney, is ordered to
25 appear by noticed motion before this Court within 60 days of the date of the Statement of Decision to
26 advise the Court as to what steps he intends to take to execute on this Court's judgment, and to submit
27 and receive approval of the appointment of a receiver, if appropriate, pursuant to Government Code
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1 section 13975.1, to collect, transfer and control all property subject to this judgment in a manner to be
2 directed or ratified by this Court.

3 DATED: January 11, 2002

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5 The Honorable Judy Holzer Hersher
6 Judge of the Superior Court
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