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SACRAMENTO COURTS  
DEPT. #54

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10 SUPERIOR COURT OF CALIFORNIA  
11 COUNTY OF SACRAMENTO

13 **PEOPLE OF THE STATE OF CALIFORNIA, ex**  
14 **rel. BILL LOCKYER, Attorney General of the State**  
**of California,**  
15  
16 Plaintiff,  
17  
18 **v.**  
19 **SUMATRA TOBACCO TRADING COMPANY**  
20 **NV, a foreign corporation, and DOES 1 through 100,**  
**inclusive,**  
Defendants.

CASE NO. 04AS03010

~~PROPOSED~~ JUDGMENT BY  
COURT AFTER DEFAULT

21 THIS MATTER is before the Court on *Plaintiff's Request for Entry of Default Judgment*  
22 against Defendant **SUMATRA TOBACCO TRADING COMPANY NV** (hereafter,  
23 "SUMATRA"). This Court has considered *Plaintiff's Request for Entry of Default Judgment* and  
24 accompanying declarations, papers and exhibits thereto, and the entire record in this matter and  
25 hereby finds as follows:

26 1. The Attorney General of the State of California brings this action on behalf of Plaintiff,  
27 the People of the State of California, pursuant to California Health and Safety Code section  
28

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1 104557(c), to enforce the reserve fund requirements of California Health and Safety Code sections  
2 104555-104557.

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

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

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

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

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

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

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

27 9. **SUMATRA** has committed two or more knowing violations of California Health and  
28 Safety Code section 104557 and is therefore subject to the maximum sanctions and penalties

1 provided for under the reserve fund requirements of California Health and Safety Code section  
2 104557.

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

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

9 **Sales during the year 2000:**

10 **(3,500,000 units x \$0.0104712%) plus 6.48841% for inflation for a total of**  
11 **\$39,027.10**

12 **Sales during the year 2001:**

13 **(4,084,000 units x \$0.0136125%) plus 9.68306% for inflation for a total of**  
14 **\$60,976.57.**

15 **Total (2000-2001 sales): \$100,003.67**

16 B. **SUMATRA** shall, within fifteen (15) days of this Order, provide Plaintiff with a list  
17 of the names of all cigarette brands manufactured by **SUMATRA**, as well as unit sales information  
18 and supporting documentation for sales in California in 2000 and 2001.

19 C. **SUMATRA** shall, within fifteen (15) days of this Order, pay civil penalties in the  
20 amount of 300% of the escrow amounts improperly withheld, for a total of **\$300,011.01** for  
21 knowingly violating California Health and Safety Code section 104557(a)(2), (c), by failing to certify  
22 to the Attorney General for the State of California that it is in compliance with California's reserve  
23 fund statute and for knowingly failing to establish a qualified escrow fund as defined under  
24 California Health and Safety Code section 104556(f) and knowingly failing to deposit sufficient  
25 escrow funds into a qualified escrow fund as required under California Health & Safety Code section  
26 104557.

27 D. Pursuant to California Health and Safety section 104557(c)(3), **SUMATRA** is hereby  
28 enjoined and otherwise prohibited from selling *any* cigarettes in California for a two-year period

1 commencing from the date of this Order, either directly or through a distributor, retailer or other  
2 intermediary, *including but not limited to*, the following brands: "United."

3 E. Pursuant to Business and Professions Code section 17206, **SUMATRA** shall, within  
4 fifteen (15) days from the date of this Order, pay a penalty of \$2,500.00 for each violation of  
5 Business and Professions Code section 17200 alleged in the Third Cause of Action, for a total  
6 assessed penalty of **\$5,000.00**.

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

10 G. The Court shall retain jurisdiction in this matter.

11 H. **SUMATRA** shall within fifteen (15) days of this Order, pay all Plaintiff's reasonable  
12 costs, including but not limited to filing fees in the amount of **\$241.50** pursuant to Government Code  
13 section 6103.5 and subject to modification and/or further relief as this Court deems just and proper.

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

15 1) Name/Address of Judgment Creditors:  
16 State of California  
17 c/o Department of Justice-Office of the Attorney General  
18 1300 I. Street  
19 P.O. Box 944255  
20 Sacramento, CA 94244-2550

21 2) Name/Address/Phone-Judgment Creditor's Attorney:  
22 Corinne L. Murphy  
23 Deputy Attorney General  
24 Department of Justice-Office of the Attorney General  
25 1300 I. Street  
26 P.O. Box 944255  
27 Sacramento, CA 94244-2550

28 3) Name/Address-Judgment Debtor:  
**SUMATRA TOBACCO TRADING COMPANY NV**  
Jalan Pattimur A No. 3  
Pematang Siantar 2113  
North Sumatra, Indonesia

4) Principal Amount of Judgment for Escrow: **\$100,003.67**

5) Principal Amount of Judgment for Escrow Penalties: **\$300,011.01**

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6) Principal Amount of Judgment for Bus. & Prof. Code  
section 17200 Penalties: \$ 5,000.00

7) Costs: \$ 241.50

8) 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.

Dated ~~MAR 14 2005~~, 2005

THOMAS M. CECIL  
\_\_\_\_\_  
JUDGE OF THE SUPERIOR COURT