IN THE THIRD JUDICIAL DISTRICT COURT

SALT LAKE COUNTY, STATE OF UTAH

MICHAEL N. MACRIS, an individual; MACRIS ENTERPRISES, LLC, a Nevada limited liability company, **Plaintiffs,** **v.** **SEVEA INTERNATIONAL, INC., a Nevada corporation; JERRY SAXTON, an individual; CRAIG GIFFORD, an individual; MERIDEE ANDERSON, an individual; STACI GIFFORD, an individual; MICHAEL CONNOR, an individual; SEVEA INTERNATIONAL PRODUCTIONS LLC, a Texas limited liability company; AMERICAN EQUITIES MANAGEMENT, LLC, a Texas limited liability company aka RESOURCE EQUITY MANAGEMENT, LLC, a Texas limited liability company; ANGELS OF AMERICA, LLC, a Texas limited liability company; and JOHN DOES I through XX,** **Defendants.**	**FINDINGS OF FACT, CONCLUSIONS OF LAW, ORDER AND ENTRY OF JUDGMENT** **Civil No. 070903010** **Honorable Robert P. Faust**

On May 5 and 6, 2009, an evidentiary hearing was held (the "May 2009 Hearing") on a request by Plaintiffs Michael N. Macris ("Macris") and Macris Enterprises, LLC ("Macris Enterprises") (collectively, "Plaintiffs") for contempt and other sanctions against Defendants, before the Third Judicial District Court of Salt Lake County, State of Utah, the Honorable Robert P. Faust presiding.

Plaintiffs were represented by James E. Magleby and Jason A. McNeill of MAGLEBY & GREENWOOD, P.C. and Nevada attorney Jason G. Landess, admitted *pro hac vice*. Plaintiff Michael N. Macris ("Macris") was present in Court. Defendants Jerry Saxton ("Saxton"), Katie Saxton ("Katie Saxton"), Craig Gifford ("Gifford"), Staci Gifford ("Staci Gifford"), Michael Connor ("Connor"), Sevea International Productions LLC ("Sevea Texas"), American Equities Management, LLC, aka Resource Equity Management ("AEM"), and Angels of America, LLC ("AOA"), all collectively sometimes referred to herein as "Defendants"[1], were represented by Jared Bramwell of Kelly & Bramwell and Charles Roberts of Workman Nydegger. Only Defendants Craig Gifford and Staci Gifford were present in court during the May 2009 Hearing.

After having heard sworn testimony on both days, reviewing the exhibits admitted during the hearing, considering the arguments of counsel, and reviewing the case file, and being fully advised in the premises, the Court hereby makes the following Findings of Fact and Conclusions of Law, and enters and Order, as set forth below.

FINDINGS OF FACT

The Court finds as follows:

[1] As noted *infra*, there is a single defendant who has not been implicated in the contempt and discovery abuse addressed herein. That single defendant is Meridee Anderson, who is a defendant on one claim for relief in the Amended Complaint. Thus, the use of the term "Defendants" or "defendants" in this case is not meant to include Meridee Anderson, unless specifically stated.

Background

1. Defendant Jerry Saxton and Plaintiff Mike Macris were owners of Sevea International, Inc., a Nevada corporation ("Sevea Nevada" or "Sevea"),[2] the nominal Defendant but also the entity for which Plaintiffs have brought derivative claims. Sevea Nevada's business was in, among other things, the marketing and sale of customized artificial fingernails.

2. In or about January 2007, Defendant Jerry Saxton unilaterally terminated all employees of Sevea Nevada and shut down all business operations of Sevea Nevada, taking all the Sevea Nevada assets and some employees of said company, such as Craig Gifford, to a different office location in Utah, where Jerry Saxton began running the same business under a new business name – Sevea International Productions, LLC, a Texas limited liability company ("Sevea Texas").

3. Consequently, on February 26, 2007, Plaintiffs filed a motion for preliminary injunction, asking the Court to stop Sevea Texas from operating and to return all the assets to Sevea Nevada. On April 11 and 12, 2007, the Court held an evidentiary hearing on Plaintiffs' Motion for Preliminary Injunction against Defendants. [*See* 5-4-07 Injunction Order]. Following said evidentiary hearing, and on May 4, 2007, the Court entered its Findings of Fact, Conclusions of Law, and Preliminary Injunction (the "5-4-07 Injunction Order") in favor of Plaintiffs. [*See* 5-4-07 Injunction Order]. The Court hereby incorporates by reference its 5-4-07 Preliminary Injunction Order.

[2] The Court has already found that Macris owns 6 million shares, Jerry and Katie Saxton together own 6 millions shares, and Christine McNally owns 1.5 million shares.

4. After the issuance of the 5-4-07 Injunction Order, and on September 13, 2007, Plaintiffs filed a motion with the court seeking to hold Defendants in contempt of the 5-4-07 Preliminary Injunction Order for, among other things, violating the terms of the injunction by failing to return all of the assets of Sevea Nevada, and instead, taking the assets to a new office location in Texas where they had continued to do business under the name "Sevea International Productions, LLC." [*See* 9-13-07 Plaintiffs' Motion to Hold Defendants in Contempt of Court, on file with the Court]. On December 17, 2007, an evidentiary hearing was held by the Court, and on December 19, 2007, the Court issued its Order Re Civil Contempt, making various Findings of Fact and holding defendants in contempt of court ("12-19-07 Contempt Order"). [*See* 12-19-07 Contempt Order]. The Court hereby incorporates by reference its 12-19-07 Contempt Order.

5. After the issuance of the 12-19-07 Contempt Order, and in March 2008, Plaintiffs filed a second motion for contempt with the court seeking to hold Defendants in contempt of the 5-4-07 Preliminary Injunction Order and 12-19-07 Contempt Order. [*See* 3-24-08 Plaintiffs' Emergency Motion for Enforcement of Order to Show Cause and Issuance of Bench Warrants, on file with the Court]. Plaintiff's initial motion alleged, among other things, that Defendants had failed to comply with the orders concerning the return of Sevea Nevada equipment and the payment of fees. While said motion was in the process of being briefed, and in approximately August 2008, a forensic evaluation was completed on Craig Gifford's laptop computer and the Dell Server that had originally belonged to Sevea Nevada but was in the possession and control of Sevea Texas (the "Dell Server"). The evaluation

indicated that scrubbing and deletion efforts had been employed. Consequently, Plaintiffs further alleged in its Reply memorandum that Defendants had intentionally deleted at least tens of thousands, if not hundreds of thousands, of electronic files from Craig Gifford's laptop computer and the Dell Server, in contravention of the December 19, 2007 Contempt Order. [*See* 10-21-08 Transcript at 12-15, 28-38].

6. An evidentiary hearing was held in October 2008. At the October 2008 hearing, the evidence demonstrated that Gifford had scrubbed the files from his laptop computer, and that thousands of files had been deleted off the Dell Server. Defendants Jerry Saxton and Michael Connor testified that the deletion of the files from the Dell Server occurred under the direction and control of Gifford. [*See* 10-21-08 Transcript at 115-117, 119, 145-146]. Gifford did not appear at the hearing to testify in his defense on this issue.

7. On October 21, 2008, at the conclusion of the evidentiary hearing, the Court ruled from the bench, holding defendant Gifford in contempt of court for his role in, among other things, intentionally destroying electronic files from his laptop computer in contravention of court orders. (hereinafter the "10-21-08 (second) Contempt Order"). [*See* 10-21-08 (second) Contempt Order Hearing Transcript, pgs. 170-181]. The Court reserved judgment on Saxton Defendants' contempt regarding the spoliation of the Dell Server until it was able to hear Gifford's testimony regarding the nature of Saxton Defendants' role in the spoliation. [*See* 10-21-08 Hearing Transcript, pgs. 175-176]. The Court

sentenced Gifford to spend thirty (30) days in jail. The Court hereby incorporates by reference its 10-21-08 Contempt Order.

8. On approximately February 25, 2009, Plaintiffs filed a third motion for contempt against Defendants alleging violations of the 5-4-07 Preliminary Injunction Order, 12-19-07 Contempt Order, and 10-21-08 (second) Contempt Order.

9. On May 5 and 6, 2009, an evidentiary hearing was held by the Court (the "May 2009 Hearing") regarding Plaintiffs' third motion for contempt, resulting in the instant findings, conclusions and order.

Findings regarding Saxton Defendants' Continued Pursuit to Develop and Deliver Artificial Nails

10. Since December 19, 2007, Defendants Jerry and Katie Saxton (the "Saxtons") have continued to pursue the delivery of artificial nails and have continued to pursue means to manufacture and sell artificial nails, through themselves, their agent Michael Connor ("Connor") or their affiliated businesses of Simply Perfect Nails by Sevea, Sevea Texas, American Equities Management, aka Resource Equities Management ("AEM"), and Angels of America, LLC (AOA"). For purposes of convenience, the Court shall hereinafter collectively refer to the Saxtons, Connor, Simply Perfect Nails by Sevea, Sevea Texas, AOA and AEM as the "Saxton Defendants".

11. Since at least December 2007, the Saxton Defendants have continued to operate their businesses at a business complex located at 2860 Exchange Blvd, Southlake, Texas ("Business Premises").

12. In particular, Suite 400 of Defendants' business complex has its business name openly identified as "Simply Perfect Nails by Sevea," which is located literally right next to the office (Suite 300) identified as "American Equities Management." [Exs. 18, 19].[3]

13. As of April 1, 2009, there are no other listed tenants or business signs that indicate any other company occupying the Business Premises. [Exs. 15, 16, 17, 18].

14. The Business Premises is joined together, allowing a person who enters either Suite 300 or 400 to travel back and forth to the other suite from inside. [Exs. 15, 16, 17, 18].

15. As of April 1, 2009, the office layout of the Business Premises included office areas as well as a shipping and warehouse area located in the back-half and left side of the Business Premises. [Exs. 15, 16, 17, 18].

16. Jerry and Katie Saxton, along with Wendy Arrizola, an employee of AEM, are often present at the Business Premises.

17. In at least early 2009, Saxton Defendants engaged in efforts to deliver to Christine Batkin, a nail distributor who resided in New Zealand at the time, as well as to other third-parties

[3] References to exhibits are to exhibits admitted into evidence at the May 2009 Hearing, unless otherwise indicated.

affiliated with Christine Batkin, multiple sets of artificial nails. [*See* Exs. 5, 31, 41]; [*See* May 5, 2009 Transcript at 108, 110, 140, 195-196].

18. Christine Batkin had been contacted by Sevea Nevada in 2006 as a potential nail distributor for Sevea Nevada, and Gifford has testified that Batkin was interested in marketing artificial nail products. [*See* May 5, 2009 Transcript at 108, 110, 140, 195-196].

19. On February 4, 2009, Wendy Arrizola, an employee under the direction and control of Saxton Defendants, engaged in an email dialogue with Christine Batkin, demonstrating that Saxton Defendants were pursuing the means to deliver, make and sell artificial nails. [*See* Ex. 5].

20. Jerry Saxton told Defendant Gifford, upon Gifford approaching Jerry Saxton about the February 4, 2009 email, that Jerry Saxton didn't know anything about this email. However, subsequently, Jerry Saxton told this Court in his affidavit that he had in fact been involved with making and delivering samples of artificial nails to an alleged prospective buyer of certain artificial nail technology. [*See* Ex. 41]; [See May 5, 2009 Transcript at 108-110, 193-194].

21. During 2008 and 2009, shipments were delivered via UPS from AEM to nail customers that had originated with Sevea Nevada and who had been identified on Sevea Nevada's customer list. [*See* Exs. 31, 32, 33 and 34].

22. Subsequent to the 12-19-07 Contempt Order, Saxton Defendants have also been involved with Model Masters and Sliq Automation, which companies sell CAD systems and CNC

Machines used for modeling and cutting artificial nails. [*See* Exs. 31, 35, 48, 49, 50]; [*See* May 5, 2009 Transcript 137].

23. At all relevant times, Saxton Defendants knew they were subject to an injunction from this Court prohibiting them from developing, manufacturing, or selling said artificial nails.

24. At all relevant times, Saxton Defendants knew they were also subject to an injunction from this Court that had required them not to disclose to any third party, and to turn over to Sevea's Custodian, all files, documents, records, patents, patents pending, or related data that pertained in any way to artificial nails, without keeping any copies thereof.

25. The Court finds that the Saxton Defendants are continuing to purposefully and secretly engage in efforts to deliver artificial nails, and are pursuing the means to make and sell artificial nails through AEM and Simply Perfect Nails by Sevea. [*See infra.*].

26. The Court further finds that in order to deliver, develop and/or manufacture the artificial nails such as those delivered to Christine Batkin in or prior to February 2009, and those persons affiliated with her, Saxton Defendants necessarily retained and used themselves, or disclosed to others to use, equipment, files, documents, records, patents, patents pending, or related data pertaining to artificial nails, which information, data and/or equipment had been previously ordered to be turned over. [*See* Ex. 23]; [See May 5, 2009 Transcript at 189-191].

Findings regarding Saxton/Connor's Spoliation of the Dell Server

27. In the May 2009 Hearing, Gifford testified regarding the deletion of files from the Dell Server. Gifford testified that while he did in fact "scrub" electronic files from his laptop computer, he did not give any instruction to delete the Dell Server. Gifford further testified that he first learned about the deletion of the Dell Server upon Gifford's arrival in Texas, from Michael Connor, and that the deletion of the electronic files from the Dell Server took place at the Business Premises in Texas, while the Dell Server was under the possession and control of Saxton Defendants, and while Gifford was still in Salt Lake City, Utah. [*See* May 5, 2009 Transcript at 175:3-179:2, 181:13-16]. Insufficient evidence was presented by Defendants to refute or challenge Craig Gifford's testimony on the spoliation of the Dell Server.

28. The Court finds that Defendant Jerry Saxton and Defendant Michael Connor knowingly and willfully spoliated the electronic files from the Dell Server prior to turning it over to the Sevea Custodian, in contravention of the Court's prior orders.

29. In addition, the Court finds that Defendant Jerry Saxton and Defendant Michael Connor testified falsely at the October 2008 contempt hearing, taking advantage of the fact that Defendant Gifford had been told (by Saxton and his own lawyer) that Gifford did not need to appear, and that Gifford did not appear. [*See* May 5, 2009 Transcript at 181:13-16].

30. The Court finds that Defendants Saxton and Connor knew of the Court's order mandating that the Dell Server be returned without such manipulation, and that their efforts to delete

data from the server was a willful attempt to conceal and/or destroy evidence relevant to the Plaintiffs' case.

31. The Court further finds that Defendants Saxton and Connor knew of the Court's prior order to return all records, documents (electronic or otherwise) and any other information to Sevea's Custodian, and further knew that Connor's laptop contained such information.

32. The Court finds that Defendants Saxton and Connor have, to date, refused to return Connor's laptop containing such information to Sevea's Custodian, and that such refusal is a willful attempt to conceal and/or destroy evidence relevant to the Plaintiffs' case.

Findings regarding Saxton Defendants' Violations of Orders Regarding Computer Imaging

33. On 3-17-09, with counsel for all parties present in person, the Court ordered Saxton Defendants and Craig and Staci Gifford to make all of their computers in their possession and control immediately available for imaging by Plaintiffs' designated expert Doug Christensen, of Canyon Connections (the "3-17-09 Order"), including the computer used by employee Wendy Arrizola in her email dialogue with Christine Batkin addressed above. [*See* Order re Imaging and Other Matters (the "3-17-09 Order")]; [*See also* March 17, 2009 Transcript].

34. The Court expressly instructed Defendants at that time, that the Court would not allow Plaintiffs to have access to the imaged data derived from said computers until a subsequent order of the Court was entered safeguarding the confidentiality and privacy needs of the Defendants, or a stipulation of the parties was achieved in this regard.

35. Gaining immediate access to the Defendants' computers was paramount, as certain Defendants had before in this case been found to have moved, modified and spoliated evidence, including computer data and electronic evidence. [*See* October 21, 2008 Transcript, generally].

36. In providing Mr. Christensen immediate access to defendants' computers, it would significantly reduce the legitimate risk of computers being moved, hidden, or modified, or computer-related data being altered, deleted, or hidden, and would ensure the safeguarding of such discovery. Conversely, with the passage of time, the opportunity and means to conceal, destroy or manipulate computers and computer data, substantially increased. [*See* May 5, 2009 Transcript at 154-155].

37. Pursuant to the 3-17-09 Order, Plaintiffs directed Mr. Christensen to immediately travel via airplane to Southlake Texas, where the defendants' computers were located, to gain immediate access on the morning of March 18, 2009 and to image all of the computer files. [*See* May 5, 2009 Transcript at 154-155].

38. On March 18, 2009, Mr. Christensen was given access to only defendant Gifford's laptop computer for imaging. [*See* March 23, 2009 hearing transcript].

39. However, despite the Court's 3-17-09 Order, Mr. Christensen was denied access to all of the Saxton Defendants' computers for imaging. [*See* May 5, 2009 Transcript at 154-155].

40. Plaintiffs and Defendants consequently spoke with the Court telephonically on March 19, 2009. During the telephonic conference, the Court again ordered the Saxton Defendants to make their computers accessible for Mr. Christensen, and specifically instructed Saxton Defendants that

such access be provided by the end of that day, March 19, 2009 (the "3-19-09 Order"), to preserve evidence that may exist on said computers at that point in time. [*See* May 5, 2009 Transcript at 154-155]; [*See* 3-19-09 Order].

41. Furthermore, the Court specifically ordered Defendant Jerry Saxton (who had purported to have the laptop with him while visiting in Arizona) to send his personal laptop to Defendants' counsel by the end of that *same day*, March 19, 2009, to preserve the evidence on his laptop. [*See* May 5, 2009 Transcript at 154-155]; [*See* March 23, 2009 Transcript].

42. At all relevant times, Saxton Defendants knew and understood the specific orders of the Court as set forth above. In fact, Mr. Bramwell repeatedly told the Court that he had communicated the Court's orders to his clients and that his client understood the Court orders.

43. Nevertheless, Saxton Defendants again did not provide Mr. Christensen with access to their computers, and Mr. Saxton did not send his laptop to Defendants' counsel, thereby refusing again to ensure the preservation of evidence as ordered by the Court. [*See* May 5, 2009 Transcript at 154-155]; [*See* March 23, 2009 Transcript].

44. As discussed below, Saxton Defendants ultimately did not give Mr. Christensen access to their computers until March 25, 2009. The time that had elapsed between the Court's 3-17-09 Order and March 25, 2009, provided Saxton Defendants with ample time and opportunity to conceal, destroy, or manipulate computers and computer data. [*See* May 5, 2009 Transcript at 154-155]; [*See* March 23, 2009 Transcript].

Findings regarding Saxton Defendants' Violation of Court-Ordered Business Inspection

45. On March 25, 2009, Mr. Christensen traveled back to Texas a second time to obtain the images from Saxton Defendants' computers located at the Business Premises. [*See* May 5, 2009 Transcript at 154-156].

46. Prior to Mr. Christensen's arrival at the Business Premises, the Saxton Defendants told Plaintiffs for the first time that Mr. Christensen would not be allowed to go to the Business Premises where the computers were located, but he had to go to a new office location where the computers had been recently moved, if he desired to obtain the images. [*See* May 5, 2009 Transcript at 154-156].

47. Consequently, Mr. Christensen was not allowed to observe the computers in their native space – making it impossible to determine whether all of the computers or portable storage devices used by the Saxton Defendants in connection with said computers were made available to him for imaging, or whether some computers had been held back, destroyed, moved, or hidden from Mr. Christensen. [*See* May 5, 2009 Transcript at 154-156].

48. Due to Saxton Defendants' sudden relocation of their computers from the Business Premises to a different location, and given Plaintiffs' total inability to verify from these defendants whether all computers had in fact been turned over for imaging to Mr. Christensen, the Court held a telephonic hearing to address the situation.

49. On April 1, 2009, with counsel for all parties participating telephonically, the Court ordered that Plaintiffs' private investigator, James Barns, be allowed to inspect the entirety of the Business Premises, to verify what computers were located in the Business Premises, and to take pictures of each computer's location, as well as those work areas where such a computer appeared to have been located at some point, or appeared a computer should have been located but was not (the "4-1-09 Order').[4]

50. On that night of April 1, 2009, Saxton Defendants met with Plaintiffs' investigator to perform the on-site inspection. While on-site, Mr. Barns was refused access by Saxton Defendants to two of the interior doors of the Business Premises which provided access to the entire back-half and left-side of the Business Premises. [*See* Exs. 17, 59]; [*See* May 5, 2009 Transcript at 152-153].

51. The back-half and left-side of the Business Premises that Saxton Defendants refused Mr. Barns access to, is the same area Saxton Defendants had previously kept the artificial nail equipment, including computers relating to the nail-making and nail-selling business. [*See* Exs. 17, 59]; [*See* May 5, 2009 Transcript at 93-94, 152-153, 185-187].

52. The only access to the back-half of the space in question was through the doors of Saxton Defendants' business offices. In other words, there is no separate entry/exit to this space. [*See* Exs. 17, 18, 59]; [*See* May 5, 2009 Transcript at 93-94, 152-153, 185-187].

[4] The 4-1-09 telephonic Order was subsequently memorialized, submitted and signed by the Court on June 24, 2009. [*See* June 24, 2009 Order, on file with the Court].

53. The reason given to Mr. Barns by Saxton Defendants for their refusal to allow him access to that portion of the Business Premises, was that said space had purportedly been "sub-leased" to a third party – a third party whose identification the Saxton Defendants, even as of today, have refused to disclose. [*See* Exs. 17, 18, 59]; [*See* May 5, 2009 Transcript at 93-94, 150-153, 185-187].

54. There is no signage or other indication of any non-affiliated company occupying that particular space. [*See* Exs. 17, 18, 48, 59]; [*See* May 5, 2009 Transcript at 93-94, 150-153, 185-187].

55. It had never been suggested by Saxton Defendants until Mr. Barns requested access through the two doors indicated above, that Saxton Defendants' were purportedly sub-leasing that space.

56. Due to Saxton Defendants' refusal to give Mr. Barns full access to Business Premises, Plaintiffs requested that Saxton Defendants, through counsel, identify the alleged sub-tenant, and a copy of corroborating documents, such as the sub-lease agreement and evidence of lease payments. To date, neither Plaintiffs nor the Court have received anything to corroborate the alleged basis for these defendants' refusal to give access into the Saxton Defendants' business premises.

57. The Saxton Defendants failed to admit any evidence to demonstrate that a third party actually occupies or leases that space, or to otherwise justify the refusal to provide Plaintiffs' investigator with full access to the Business Premises, as had been ordered.

58. The Court finds that Saxton Defendants' explanation regarding a purported sublease tenant is unsupported, not credible, and is a violation of the Court's 4-1-09 Order, and an intentional

and willful attempt to frustrate and avoid the Court's 4-1-09 discovery order regarding the inspection and verification of all computers utilized on the Business Premises.

59. In addition, Plaintiffs have admitted sufficient evidence establishing the existence of computer wiring in certain offices of the AEM / Sevea Texas premises, but no computers. [*See* Ex. 59]; [*See* May 5, 2009 Transcript at 152-153]. Again, Saxton Defendants have not contested this evidence, and did not present any evidence to support that all of the computers had, in fact, been presented to Plaintiffs for imaging.

60. The Court further finds that due to the Saxton Defendants' refusal to comply with the Court's March 17th Order, March 19th Order, and 4-1-09 Order, it is now impossible for Plaintiffs to determine whether all of the computers being used by Saxton Defendants were in fact made available for imaging, and it is further impossible for Plaintiffs to ensure that they captured the evidence which existed on the computers prior to computers or data being hidden, destroyed, manipulated or otherwise spoliated by Saxton Defendants.

Findings regarding Saxton Defendants' Violation of Court-Ordered Depositions

61. After efforts between counsel to set deposition dates failed, on March 20, 2009, the Court ordered that Defendants Jerry Saxton, Katie Saxton, Craig Gifford, Michael Connor, AEM, Sevea Texas, and Wendy Arrizola of AEM were to make themselves available for deposition on one of the following dates: April 2, 3, 6, 7, 8, or 9, 2009.

62. The written order memorializing the Court's order regarding these depositions was executed by this Court on March 26, 2009 (the "3-26-09 Order").

63. Defendant Craig Gifford made himself available for deposition on April 9, 2009 and his deposition was completed.

64. However, Jerry Saxton, Katie Saxton, Michael Connor, Wendy Arrizola, and AEM/Sevea Texas did not make themselves available for deposition on the dates ordered by the Court.

65. These defendants failed to admit any evidence, including any party testimony, witness testimony or any other admissible evidence, demonstrating why the Saxton Defendants did not appear or could not have appeared at their depositions as ordered by the Court.

66. Because these Defendants did not make themselves available for depositions, Plaintiffs were unable to obtain deposition testimony for the May 2009 Hearing.

67. The Court finds that these Defendants willfully and knowingly violated the Court's prior orders requiring them to make themselves available for depositions, and failed to provide any evidence or defense excusing their failure to do so.

68. The Court further finds that these Defendants' failure to make themselves available for depositions as ordered by the Court was an intentional and calculated attempt to avoid giving testimony, abuse discovery, hide and conceal material information that would assist the Plaintiff in proving their case and contempt of court orders, and frustrate the Court's ability to manage this case

and the issues before it.

Findings regarding Saxton Defendants' Continued Use and Failure to Turn Over Intellectual Property Records and Files

69. The Court's 12-19-07 Contempt Order ordered Defendants to return the balance of the "intellectual property, and all records, documents (electronic or otherwise) and any other information" to the Sevea Custodian.

70. The Court further ordered that "Defendants (or their companies) shall not retain or keep copies or computer back up thereof in any form."

71. Subsequent to issuing the Court's 5-4-07 Injunction Order and subsequent to issuing the 12-19-07 Contempt Order, Defendant Jerry Saxton retained records and files related to Sevea Nevada's intellectual property, sufficient to prosecute and pursue registration of the [enjoined] names "Simply Perfect Nails by Sevea," and "Sevea International Productions, LLC." [*See* Exs. 13, 14, 41].

72. On November 18, 2008, Defendant Jerry Saxton obtained registration of the "Simply Perfect Nails by Sevea" mark. [*See* Exs. 13, 41].

73. The "Sevea International Productions" mark is still pending, and Saxton Defendants have filed sworn declarations of their alleged ownership over this enjoined mark as recently as January 14, 2009. [*See* Exs. 14, 41].

74. The Court finds that Saxton Defendants did not disclose to the USPTO that they were enjoined by this Court from using the very marks that they were seeking to register.

75. The Court finds that Saxton's statement to the PTO regarding the ownership of the "Sevea International Productions" mark was knowingly and necessarily false.

76. The Court further finds that Saxton Defendants did not turn over to the Sevea Custodian all records, documents and information related to the trademarks of Sevea, but rather retained information related to the same.

77. The Court finds that Saxton Defendants continued to use Sevea-related marks in violation of the Court's orders, even after the 12-19-07 Contempt Order.

Findings regarding Saxton Defendants' Retention and Ongoing Use of Marketing and Trademark Information That was Ordered to be Returned to Sevea Nevada

78. As of February and March 2009, "Simply Perfect Nails by Sevea" continued to be featured prominently on the front window of their business premises for the public to see. [*See* Exs. 15, 48].

79. As of February 2009, "Simply Perfect Nails by Sevea" marketing/sales brochures using said mark were also found in the Business Premises. [*See,* Ex. 11].

80. Saxton Defendants created or are creating sales / marketing material under the business line "Sevea International Productions Sophisticated Collections," and "Sevea International Productions Exclusive Collections." [*See* Ex. 11].

81. The Saxton Defendants also continue to sell, ship and package goods to third parties under the business name "Simply Perfect Nails by Sevea." [*See* Exs. 31, 48].

82. UPS shipping records reflect the Saxton Defendants' use of the "Simply Perfect Nails" mark in relation to incoming and outgoing shipments from October 27, 2007 through March 21, 2009. [*See* Exs. 31, 48].

83. By at least March 18, 2009, if not before, Saxton Defendants were also receiving packages from third parties under the receiving name of Simply Perfect Nails by Sevea. [*See* Exs. 31, 48].

84. The Court finds that as of at least February 2009, Saxton Defendants continued to use, possess, and/ or reproduce sales and marketing materials utilizing the enjoined trademark "Simply Perfect Nails by Sevea."

85. The Court further finds that as of at least February 11, 2009, Saxton Defendants have not returned, as ordered, all sales materials and all other documents belonging to Sevea Nevada.

Findings regarding the Saxton/Bramwell Trust Deed

86. The Court finds that on October 9, 2008, the Court held a hearing on a motion by Plaintiffs for a prejudgment writ of attachment, seeking to attach a home on 11th Avenue in Salt Lake

City, Utah, owned by the Defendant Saxtons[5] (the "11th Avenue Home"). Attorney Jared Bramwell appeared and argued on behalf of the Saxton Defendants.

87. That same day, the Court entered a Minute Entry granting the writ of attachment motion. [*See* Ex. 46].

88. The Court finds that it was clear to the parties and their counsel at the October 9, 2008 hearing that the intent and purpose of the Court's order granting the Prejudgment Writ of Attachment was to preserve whatever equity was in the 11th Avenue Home for the eventual resolution of this case. [*See* October 9, 2008 Transcript].

89. On or about October 15, 2009, a proposed form of Writ of Attachment was circulated by Plaintiffs' counsel to Defendants' attorney Jared Bramwell. [*See* May 6, 2009 Transcript at pg. 288].

90. The proposed form of Writ of Attachment directed that the 11th Avenue Home was not to be sold, transferred, assigned, hypothecated, used as security, liened, gifted or otherwise encumbered, or the equity in such property otherwise reduced or impaired without Court approval. [*See* Ex. 44].

91. The Court finds that the proposed Writ of Attachment was executed October 28, 2009, with an effective date of October 9, 2008. [*See* Ex. 44].

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[5]At the commencement of the case, the 11th Avenue Home was owned by Defendants Jerry and Katie Saxton. On February 1, 2008, Jerry and Katie Saxton conveyed the 11th Avenue Home by Specialty Warranty Deed to the Jerry Dean Saxton Family Trust, of which the Saxtons are Trustees.

92. The Court further finds that on October 24, 2008, after the minute entry granting the Prejudgment Writ had been entered by the Court, after the proposed form of Prejudgment Writ of Attachment had been circulated to Jared Bramwell and submitted for entry, but four days prior to the Court's execution of the same, Defendants Jerry and Katie Saxton signed a Trust Deed With Assignments of Rents (the "Saxton/Bramwell Trust Deed"), in favor of Bramwell's law firm, Kelly & Bramwell, P.C.

93. The Court finds that the Saxton/Bramwell Trust Deed was filed in violation of the Prejudgment Writ of Attachment, as it encumbered the 11th Avenue Home for the purpose of securing a purported debt in the amount of $500,000 and to gain an equity position ahead of Plaintiffs. [*See* Ex. 45]. The Court further finds that said Trust Deed constitutes a transfer, conveyance or hypothecation of interest in the 11th Avenue Home, and that Saxton Defendants' attorney, Jared Bramwell, signed and accepted the Saxton/Bramwell Trust Deed from Saxton Defendants. [*Id*].

94. The Saxton Defendants and attorney Jared Bramwell never disclosed to the Court or the Plaintiffs in this case the existence of the Saxton/Bramwell Trust Deed.

95. The Court finds that Bramwell & Kelly, P.C., was not owed $500,000 by the Saxton Defendants at the time it entered and received the Saxton/Bramwell Trust Deed.

96. The Court finds that Defendants Jerry and Katie Saxton signed said Trust Deed with full knowledge of the Court's Order granting the Prejudgment Writ of Attachment and that they

knowingly and willfully entered said trust deed in a bad faith effort to circumvent said order, and in an attempt to transfer or hypothecate whatever equity may have existed in the 11th Avenue Home out of the reach of the Plaintiffs.

Findings regarding Sufficient Notice of the Hearing On Contempt and Discovery Abuses and Failure to Appear as Ordered

97. On March 17, 2009, with counsel for all parties appearing in chambers, the Court set an evidentiary hearing on May 5, 2009 and May 6, 2009, to determine whether Defendants had purged themselves from the Court's prior contempt orders and were in contempt of the prior Court's orders. The Court subsequently issued the 3-17-09 Order.

98. The 3-17-09 Order issued by the Court also specifically identified the May 5 and 6, 2009 evidentiary hearing date, expressly providing that if Defendants were found in contempt, sanctions may be awarded against such defendant, which may include without limitation the imposition of fines, incarceration, pleadings stricken, judgment entered, damages, costs and attorney fees awarded, and any other remedy allowed under Utah statutory and common law. [*See* 3-17-09 Order, ¶¶ 2-3].

99. The 3-17-09 Order further required Defendants Jerry and Katie Saxton, Defendants Craig and Staci Gifford, and Defendant Michael Connor to attend the May 2009 hearing in person. [*See* 3-17-09 Order].

100. On March 26, 2009, the Court issued another Order again notifying the parties of the May 5 and 6, 2009 evidentiary hearing date, adding that the hearing would include evidence of whether or not Defendants had engaged in discovery abuse (the "3-26-09 Order"). [*See* 3-26-09 Order].

101. The 3-26-09 Order expressly provided that if Defendants were found in contempt, or if the Defendants were found to have engaged in discovery abuse, sanctions might be awarded against such defendant, which may include without limitation the imposition of fines, incarceration, pleadings stricken, judgment entered, damages, costs and attorney fees awarded, and any other remedy allowed under Utah statutory and common law. [*See* 3-26-09 Order, ¶¶ 2-3].

102. The 3-26-09 Order reiterated the requirement that Defendants Jerry and Katie Saxton, Defendants Craig and Staci Gifford, and Defendant Michael Connor attend in person. [*See* 3-26-09 Order, ¶¶ 2-3]

103. Despite the orders requiring attendance, Defendants Jerry Saxton, Katie Saxton, and Michael Connor (the "No Show Defendants") did not appear in person, or otherwise, at the May 5 and 6, 2009 Hearing.

104. On May 4, 2009, the day before the May 5 and 6 Hearing that had been set since 3-17-09, Counsel for the Saxton Defendants requested and obtained a telephonic conference with the Court, with Plaintiffs' counsel participating, wherein Counsel for the Defendants for the first time requested the May 5 and 6, 2009 hearing should be continued. The Court denied the motion, for

among other reasons, as being untimely.[6] One of the other requested reasons for a continuance was the Defendant Jerry Saxton was recovering from surgery. However, the purported physician's letter that was submitted identified April 20, 2009 as the date of Jerry Saxton's claimed medical procedure, which indicates that Jerry Saxton knew of the claimed health issues by *at least* April 20, 2009, if not in all likelihood weeks or even months sooner, as such medical procedures need to be scheduled in advance. In addition, Defendant Saxton knew of the May hearing date in March 2009 – well before his medical procedure. Despite these facts, the motion to continue the hearing was not filed until the Friday before the Tuesday hearing, leaving only one full business day between the date of the filing and the hearing date.

105. However, during the teleconference, the Court informed Defendants (through counsel) that if any Defendants chose not to attend, that they would be allowed to introduce evidence at the May 5 and 6, 2009 hearing to show cause why they could not comply with the Court's prior orders requiring their attendance.

106. At the May 5 and 6, 2009 hearing, Saxton Defendants did not introduce or seek to admit any party testimony, witness testimony or any admissible evidence demonstrating why the No Show Defendants did not appear or could not have appeared as ordered by the Court.

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[6] There were additional reasons with the excuse offered by Jerry Saxton for requesting the postponement of the hearing, which were articulated by Plaintiffs' counsel. The Court need not discuss these additional reasons for denying the request to continue the hearing, but does note that Jerry Saxton did not present any admissible evidence at the May 2009 hearing to justify the continuance or establish any health problem. For example, Jerry Saxton could have had a medical doctor appear and testify, but did not do so.

107. Because the No Show Defendants did not appear to testify, Plaintiffs were unable to obtain party testimony from these Defendants.

108. The Court finds that the No Show Defendants willfully and knowingly violated the Court's prior orders requiring them to appear in person at the May 5 and 6, 2009 Hearing, and failed to provide sufficient evidence or defense excusing their failure to appear.

Findings regarding Prior Less-Severe Sanctions and Ongoing Pattern of Discovery Abuse and Contempt of Court Orders

109. The Court finds that Saxton Defendants have been previously and sufficiently given full and appropriate notice and warning of the significance and severity of the Court's sanctions available to it, including without limitation dispositive sanctions, fines and jail time, in the event any of the Defendants were found to be in contempt of the Court's prior orders, or to have committed discovery violations, and that said Defendants have been given a full and fair opportunity to demonstrate that the Defendants are not in contempt of such orders.

110. The Court further finds that prior to now, it has gone to great lengths to give warnings and impose non-dispositive sanctions upon Defendants for its contemptuous conduct and bad-faith discovery tactics, such as imposing jail time and awarding attorney fees, all done in an effort to give Saxton Defendants another chance to comply with this Court's orders and Defendants' discovery obligations.

111. The Court finds that all such prior warnings and less-severe sanction have been ineffective as to Saxton Defendants, and that Saxton Defendants have repeatedly and continuously

shown a brazen disrespect for the authority and orders of this Court, and have willfully and knowingly violated this Court's orders, in an attempt to hide, destroy, or conceal evidence relevant to this case and to frustrate the discovery process, to the detriment of Plaintiffs.

112. The Court further finds that Saxton Defendants have demonstrated that they will not sufficiently police their own conduct, and will continue to undermine and violate the Court's existing and future orders issued, and fail to comply with their basic discovery obligations, to the detriment and prejudice of Plaintiffs.

113. The Court further finds that in the event the Saxton Defendants are allowed to continue such disrespect for this Court's authority and the discovery rules, such a result would undermine and erode the public confidence in this Court and the judicial system in its entirety, as well as severely prejudice Plaintiffs.

114. Therefore, the Court finds that in this case, under these circumstances, dispositive sanctions against Saxton Defendants are warranted, in the form of striking Saxton Defendants' pleadings, with default judgment to be entered against them.

Findings regarding Fees, Costs, Expenses and Other Out-of-Pocket Losses by Plaintiffs Arising or Related to Saxton Defendants' Contemptuous Conduct and Discovery Abuses

115. The Court finds that as a result of Saxton Defendants' contempt and discovery abuses, Plaintiffs have incurred significant attorney fees, costs and expenses in connection with the

investigations, pleadings, hearings and all other legal work performed with regard to the May 5 and 6, 2009 hearing, as well as the Court's October 2008 hearing.

116. The fees, costs and expenses incurred by Plaintiffs in this regard include services performed by Michael Hansen, Catherine Brabson, Valerie Macris, Jason G. Landess, and the lawyers at Magleby & Greenwood, P.C. Plaintiffs also incurred costs and expenses related to the services of the Custodian, Mr. Gil Miller, the services of computer forensic expert work such as Doug Christensen of Canyon Connections, expert witness services, and private investigator services conducted on behalf of Plaintiffs such as Kane Consulting and Barns Investigations.

Findings regarding Destruction of Sevea Nevada

117. The Court further finds that the actions of the Saxton Defendants have utterly destroyed the business of Sevea Nevada, and caused exactly the type of irreparable harm that the Court had intended to avoid by issuing its 5-4-07 Injunction Order. At this point, there can never be any certainty that all of the intellectual property and other equipment, documents, and materials, were returned to either ANT or the Custodian. Even if there was some hope of reconstructing the electronic files, data, and other materials that were intentionally destroyed, hidden, lost or secreted, doing so would take substantial time and money, constitute a distraction, and waste judicial and other resources.

118. Therefore, the Court finds that Jerry Saxton's violations of the Court's orders and discovery violations are so egregious and done in bad faith, that it would be inequitable and improper

for Saxton to benefit in any way from his own wrongful conduct.

CONCLUSIONS OF LAW

Contempt of Court by Saxton Defendants

1. Based upon the above findings of fact and the evidence presented at the May 5 and 6, 2009 hearing, the Court concludes that Saxton Defendants are in contempt of court for violation of various Court orders, more particularly described as follows:

2. The Court concludes that the elements of contempt against Jerry and Katie Saxton are met with regard to the entry of the Saxton/Bramwell Deed of Trust in violation of the Prejudgment Writ of Attachment, which prohibited Jerry or Katie Saxton from encumbering, transferring, hypothecating, and using as security, the equity in the 11th Avenue Home, without Court approval.

3. The Court concludes that the elements of contempt against Saxton Defendants are also met with regard to the Court's 5-17-07 Preliminary Injunction Order prohibiting Defendants from pursuing the development, manufacture, and/or sales of artificial nails.

4. The Court concludes that all the elements of contempt against Saxton Defendants are met with regard to the 5-4-07 Injunction Order's enjoining of defendants from using names similar to or including "Sevea," specifically including the name "Sevea International Production." [*See* 5-4-07 Injunction Order ¶ 2(c) at 18].

5. The Court concludes that all the elements of contempt against Saxton Defendants are met with regard to the 5-4-07 Injunction Order's prohibition against the defendants "obtaining, using, or disclosing" any trademarks belonging to Sevea Nevada, including "Simply Perfect Nails." [*See* 5-4-07 Injunction Order ¶ 2(e) at 18].

6. The Court concludes that the elements of contempt against Saxton Defendants are met with regard to the Court's 5-4-07 Injunction Order prohibiting Saxton Defendants from "obtaining, using, or disclosing" any information regarding Sevea Nevada's "patents" and "patents pending." [*See* 5-4-07 Injunction Order, at 18 ¶ 2(b)].

7. The Court concludes that the elements of contempt against Saxton Defendants are met with regard to the 5-4-07 Injunction Order prohibiting Saxton Defendants "from removing, hiding, secreting, harming, injuring, or in any manner altering the . . . accounting books and records, Distributor files, customer files, . . . and any and all other documents or assets of Sevea International, Inc…", and requiring Saxton Defendants to "immediately relinquish all inventory, sales materials, accounting books and records, Distributor files, customer files, . . . and any and all other documents or assets of Sevea International, Inc. . . . ." [5-4-07 Injunction Order at 19-20].

8. The Court concludes that the elements of contempt against Saxton Defendants are met with regard to the 5-4-07 Injunction Order requiring Saxton Defendants to return "all records, documents (electronic or otherwise) and any other information taken," as well as "[a]ll intellectual property and other information removed [from] the Dell Server or any other computer," and also

"any information or intellectual property covered by the federal court order relating to ANT." [12-19-07 Contempt Order ¶¶ 5-7].

9. The Court concludes that the elements of contempt against Saxton Defendants are met with regard to the 12-19-07 Contempt Order requiring that all materials were to be returned by Saxton Defendants "without copies or backups being kept by Defendants or any of their companies," and that the Defendants were not to "allow or permit any other third persons or entity access to or to take copies of any information or data." [12-19-07 Contempt Order ¶ 6].

10. The Court further concludes that all the elements of contempt against Saxton Defendants are met with regard to the 3-17-09 Order Re Imaging and Other Matters requiring that I) access would be given to certain computers located in Texas by March 19, 2009; ii) that access would be given to Jerry Saxton's laptop, or the laptop would be sent via Federal Express for imaging, by March 19, 2009; and iii) that Wendy Arrizola, Jerry Saxton, Michael Connnor, and a Rule 30(b)(6) witness would be made available for depositions prior to the May 2009 hearing date.

11. The Court further concludes that all three elements of contempt against Saxton Defendants are met with regard to the 3-17-09 Order Re Imaging and Other Matters requiring Saxton Defendants to appear in person at the May 2009 Hearing. [*See* 3-17-09 Order ¶ 2].

12. The Court further concludes that all the elements of contempt against Saxton Defendants are met with regard to the 3-23-09 Supplemental Order Re Imaging and Other Matters requiring that Jerry Saxton, Michael Connor, Wendy Arrizola, and a Rule 30(b)(6) witness would

appear for deposition on one or more of six separate delineated dates; and that these defendants would choose the dates and inform Plaintiffs' counsel of the chosen dates no later than Friday, March 27, 2009.

13. The Court further concludes that all the elements of contempt against Saxton Defendants are met with regard to the 4-1-09 Order requiring Saxton Defendants to provide Plaintiffs with access to the AEM / Sevea Texas premises.

Discovery Violations by Saxton Defendants

14. In addition to the above-referenced acts of contempt by Saxton Defendants, the Court concludes that Saxton Defendants have acted in bad faith in connection with their discovery obligations, and have repeatedly and continued to seek to hide, destroy and/or conceal evidence related to this case, and that such efforts were often committed in violation of existing discovery orders, to prejudice Plaintiffs and to impair their ability to obtain evidence and prove their case and damages. Instances of discovery violations include the following:

15. Saxton Defendants concealed and failed to disclose to Plaintiffs the documents and information related to Saxton Defendants' ongoing efforts to deliver artificial nails to third parties.

16. Saxton Defendants concealed and failed to disclose to Plaintiffs the documents and information related to Saxton Defendants' ongoing efforts to pursue means to develop and make artificial nails, or to sell or otherwise convey rights associated therewith.

17. Saxton Defendants concealed and failed to disclose to Plaintiffs the documents and information related to Saxton Defendants' transactions or proposed transactions related to the assignments and patent applications.

18. Saxton Defendants concealed and failed to disclose to Plaintiffs the documents and information related to Saxton Defendants' efforts to procure, use or maintain trademarks associated with Sevea Nevada.

19. Saxton Defendants concealed and failed to disclose to Plaintiffs the documents and information related to Saxton Defendants' efforts to market or advertise Sevea Nevada or Sevea Nevada's products.

20. Saxton Defendants concealed and failed to disclose to Plaintiffs the documents and information related to Saxton Defendants' efforts in obtaining, using, or disclosing information regarding Sevea Nevada's patents and patents pending.

21. Saxton Defendants concealed and failed to return all accounting books and records, distributor files, customer files, and other documents and assets of Sevea Nevada.

22. Saxton Defendants concealed and failed to return all inventory, sales materials, accounting books and records, distributor files, customer files, and any and all other documents or assets of Sevea Nevada.

23. To the extent Saxton Defendants claim that Plaintiffs were seeking assets belonging to ANT, Saxton Defendants concealed and failed to return said assets to the Court-appointed Sevea Custodian.

24. Saxton Defendants concealed and refused to timely provide Plaintiffs with court-ordered access to their computers, including Jerry Saxton's laptop, for purposes of preserving evidence.

25. Saxton Defendants failed to make themselves available for in-court examination at the May 2009 hearing despite court-ordered attendance.

26. Saxton Defendants refused to make themselves available for deposition on the court-ordered dates.

27. Saxton Defendants refused to provide Plaintiffs with timely and court-ordered access to the AEM / Sevea Texas Business Premises for purposes of obtaining evidence located at said premises.

28. Saxton Defendants failed to disclose and produce the information and documentation relevant to the Saxton/Bramwell Trust Deed, Prejudgment Writ of Attachment and related events.

29. With the Dell Server under their control and possession, and having knowledge of the order to preserve and return the Dell Server, Saxton Defendants failed to preserve the evidence found on the Dell Server.

ORDER

Based upon the above Findings of Fact, Conclusions of Law, and for other good cause appearing, the Court hereby ORDERS as follows:

1. Defendants' Jerry Saxton, Katie Saxton, Sevea Texas, Michael Connor, AEM, and AOA's pleadings are hereby stricken in their entirety, and judgment by default shall be entered against them.

2. Saxton Defendants shall pay the Custodian for all outstanding fees and costs owing to the Custodian in relation to or arising from the contempt hearings held in October 2008 and May 2009. The Custodian shall provide its account of this outstanding amount to Saxton Defendants within ten (10) days of this Order. Within ten (10) days of receiving the Custodian's demand, Saxton Defendants shall pay said amount. If Saxton Defendants fail to comply, this Court shall, on any unpaid amounts, reduce the same to a Judgment.

3. Saxton Defendants shall also pay Plaintiffs all reasonable attorney fees, costs, or other related expenses of this litigation incurred by Plaintiffs arising from or in connection with the October 2008 and May 2009 contempt motions, investigations, and hearings. Plaintiffs shall have fifteen (15) days from the entry of this Order to submit their fees and costs to the Court for consideration, and Defendants shall then have ten (10) days to submit any response, at which time Plaintiffs shall have five (5) days to file a reply, if they so choose, and to submit the matter for decision. Within ten (10) days of receiving the Court's decision, Saxton Defendants shall pay

Plaintiffs the awarded amount. If Saxton Defendants fail to comply, this Court shall add the same into the Judgment entered against them.

4. The Saxton/ Bramwell Deed of Trust is subject to the prejudgment writ of attachment issued in this case.

5. As provided below, Judgment shall be entered against Saxton Defendants. An evidentiary hearing to determine the amount of damages to be awarded to Plaintiffs shall be held on September 29, 2009, commencing at 10:00 a..m. By no later than five (5) days before the damages hearing, all parties shall disclose to each other those witnesses who are going to be called to testify at the hearing and the content of their testimony.

JUDGMENT

For the reasons noted above, and the Court having stricken the pleadings of Saxton Defendants, hereby enters JUDGMENT as follows:

1. Judgment in entered in favor of Plaintiff Michael N. Macris, on behalf of Sevea International, Inc., against Defendants Jerry Saxton, Katie Saxton, Michael Connor, Sevea International Productions, LLC, AEM and AOA, jointly and severally, for Plaintiff's claims of Breach of Fiduciary Duty and Conspiracy to Breach of Fiduciary Duty, Conversion, and Interference with Contractual Relations;

2. Judgment is entered in favor of Plaintiff Macris Enterprises, LC, against Defendants Jerry Saxton, Katie Saxton, Michael Connor, Sevea International Productions, LLC, AEM and AOA,

jointly and severally, for Plaintiff's claims of Intentional Interference with Contractual and Prospective Economic Relations.

3. Judgment is entered in favor of Plaintiff Michael N. Macris, on his own behalf, against Defendants Jerry Saxton and Katie Saxton, jointly and severally, for Plaintiff's claims of Malicious Prosecution, and Intentional Interference with Contractual Relations;

4. Judgment is entered in favor of Plaintiff Michael N. Macris, on his own behalf, against Defendant Jerry Saxton, for Plaintiff's claim of Slander; and

5. Judgment is entered in favor of Plaintiff Michael N. Macris, on his own behalf, against Defendants Michael Connor, Sevea Texas, AEM and AOA, jointly and severally, for Plaintiff's claim of Intentional Interference with Contractual Relations.

The amount of damages awarded in favor of each Plaintiff for the judgments entered above shall be determined by the Court pursuant to a hearing on damages, as noted in the Order above. The amount of the Judgment shall accrue interest at the statutory rate from the date of entry of this Judgment until paid in full.

This Judgment shall be augmented to also include any attorney fees, costs or expenses awarded by the Court, which fees, costs and expenses may be subsequently applied for by Plaintiffs and determined by the Court.

SIGNED, ENTERED, DECREED AND ORDERED:

DATED this 13 day of August 2009.

THIRD JUDICIAL DISTRICT COURT

ROBERT P. FAUST
DISTRICT COURT JUDGE

MAILING CERTIFICATE

I hereby certify that I mailed a true and correct copy of the foregoing Findings of Fact, Conclusions of Law, Order and Entry of Judgment , to the following, this 13 day of August, 2009:

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