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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

Northshore Asset Management LLC, et al.,

Defendants.

05 Civ. 2192 (WHP)

**FINAL JUDGMENT AS TO DEFENDANT FRANCIS J. SALDUTTI**

~~[Proposed]~~

The Securities and Exchange Commission having filed a Second Amended Complaint, and Defendant Francis J. Saldutti ("Defendant") having entered a general appearance; consented to the Court's jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Second Amended Complaint (except as to jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;  
or
- (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to make any untrue statement of a material fact or to omit 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) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$5,800,000, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$1,893,810.60, for a total of \$7,693,810.60. Based on Defendant's sworn representations in his Statement of Financial Condition dated May 23, 2008, Defendant's asset deposition testimony in this matter taken on May 28, 2008, and other documents and information submitted to the Commission, however, the Court is not ordering Defendant to pay a civil penalty, and payment of all of the disgorgement and pre-judgment interest thereon is waived except for \$5,082,138.98 (plus interest on part of that amount, as set forth below). That amount shall be paid as follows:

(1) within ten business days of the entry of this judgment, the Clerk of this Court ("Clerk") is directed to pay the \$1,832,138.98 (plus any accrued interest on that amount) deposited with the Clerk by Saldutti on March 21, 2008, to Arthur Steinberg, in his capacity as receiver (the "Receiver") for Northshore Asset Management, LLC, Saldutti Capital Management LP, Ardent Research Partners LP, Ardent Research Partners Ltd., and certain affiliated entities; and

(2) Saldutti shall pay an additional \$3,250,000 to the Receiver as set forth in the Settlement Agreement and Mutual Release by and between the Receiver and Saldutti, dated June 11, 2008 (the "Receiver Settlement"). Saldutti's \$3,250,000 payment pursuant to the Receiver Settlement shall be accompanied by a cover letter identifying Francis J. Saldutti as a defendant in this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that payment is made pursuant to this Final Judgment. Defendant shall simultaneously transmit photocopies of such payment and letter to the Commission's counsel in

this action. Defendant relinquishes all legal and equitable right, title, and interest in such funds and to the funds that Defendant previously deposited with the Court, and no part of the funds shall be returned to Defendant. Immediately upon their receipt, the Receiver shall deposit the funds received from the Clerk and from Saldutti pursuant to this Final Judgment into an interest bearing account. The Receiver shall distribute those funds, together with any interest and income earned thereon, in accordance with Plan of Distribution approved by the Court in this action. Upon receipt of payment from the Clerk, the Receiver shall transmit to the Commission's counsel proof of receipt of the payment and the final amount of the payment together with a cover letter identifying the Receiver as a party in this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that the payment has been received from the Clerk pursuant to this Final Judgment. Defendant shall also pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961. The determination not to impose a civil penalty and to waive payment of all but \$5,082,138.98 (plus any accumulated interest on the portion of the payment on deposit with the Court) of the disgorgement and pre-judgment interest is contingent upon the accuracy and completeness of Defendant's Statement of Financial Condition, his asset deposition testimony, and other personal financial documents and information submitted to the Commission. If at any time following the entry of this Final Judgment the Commission obtains information indicating that Defendant's representations to the Commission concerning his assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to Defendant, petition the Court for an order requiring Defendant to pay the unpaid portion of the

disgorgement, pre-judgment and post-judgment interest thereon, and the maximum civil penalty allowable under the law. In connection with any such petition, the only issue shall be whether the financial information provided by Defendant was fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Defendant to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment. The Commission may also request additional discovery. Defendant may not, by way of defense to such petition: (1) challenge the validity of the Consent or this Final Judgment; (2) contest the allegations in the Second Amended Complaint filed by the Commission; (3) assert that payment of disgorgement, pre-judgment and post-judgment interest or a civil penalty should not be ordered; (4) contest the amount of disgorgement and pre-judgment and post-judgment interest; (5) contest the imposition of the maximum civil penalty allowable under the law; or (6) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements set forth therein.

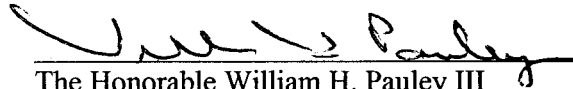
V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

VI.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

Dated: June 27, 2008

  
The Honorable William H. Pauley III  
UNITED STATES DISTRICT JUDGE