

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**HGL, INC., MARK HANNA, BRIAN SCANLON,
STEPHEN PALUMBO, ANGELO JOHN BOSCO,
THOMAS FEDE, SHANE FERRAS, SCOTT
FOLLETT, JOSEPH TUOZZO, STEVEN
AREVALO, STEVEN HANNA, PAUL
KARKENNY, ROBERT PALUMBO AND
RAYMOND SAULON,**

Defendants.

99 Civ. 3866 (DLC)

**STIPULATION OF FINAL
JUDGMENT AS TO BRIAN
SCANLON**

WHEREAS, Plaintiff Securities and Exchange Commission ("Commission") has elected to withdraw its prayer for disgorgement, prejudgment interest and civil penalties against defendant Brian Scanlon ("Scanlon") in this action;

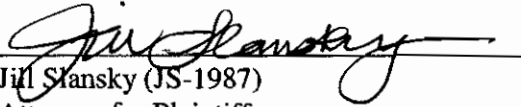
WHEREAS, no issues remain to be adjudicated and a final judgment can be issued;

IT IS HEREBY STIPULATED AND AGREED that the Commission's claims for disgorgement, prejudgment interest and civil penalties are withdrawn;

IT IS HEREBY FURTHER STIPULATED AND AGREED that upon the Court's approval, the parties consent to the terms of the Partial Judgment and Order on Consent Against Brian Scanlon (the "Judgment") signed by the Court and entered on the docket on April 15,

2003, a copy of which is attached hereto, together with this Stipulation, as the final judgment of all of the Commission's claims and prayer for relief against Scanlon in this matter.

Dated: ~~May 31~~^{July}, 2007

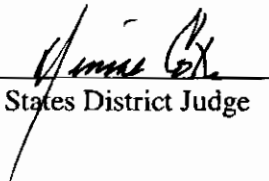

Jill Stansky (JS-1987)
Attorney for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
3 World Financial Center
New York, N.Y. 10281
(212) 336-0169

Dated: May 7, 2007

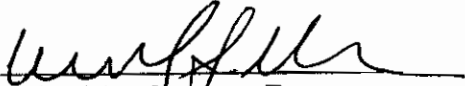

Brian Scanlon

SO ORDERED:

Dated: August 4, 2007
New York, New York

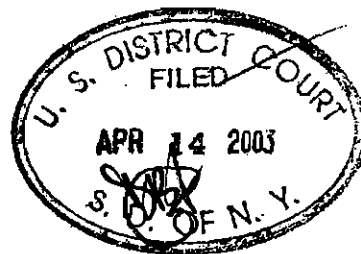

United States District Judge

Approved as to form:


Nathaniel Z. Marmur, Esq.
Stillman & Friedman, P.C.
425 Park Avenue
New York, NY 10022

Doc # 108

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KARKENNY, ROBERT PALUMBO AND
RAYMOND SAULON,**

Defendant.

99 Civ. 3866 (DLC)

**PARTIAL JUDGMENT
AND ORDER ON
CONSENT AGAINST
BRIAN SCANLON**

The Securities and Exchange Commission ("Commission") having commenced this action by filing a Complaint on May 27, 1999 and Defendant Brian Scanlon ("Defendant") having entered a general appearance; admitted to service of the summons and Complaint on Defendant; consented to the Court's jurisdiction over Defendant and the subject matter of this

action; and consented to entry of this Partial Judgment and Order on Consent Against Brian Scanlon ("Partial Judgment"), without admitting or denying the allegations of the Complaint to the extent not inconsistent with this Partial Judgment; waived findings of fact and conclusions of law; and waived any right to appeal from this Partial Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant, Defendant's agents, servants, employees, attorneys-in-fact, assigns, and all persons in active concert or

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participation with them who receive actual notice of this Partial 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:

- (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,

in connection with the purchase or sale of any security.

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant, Defendant's agents, servants, employees, attorneys-in-fact, assigns, and all persons in active concert or participation with them who receive actual notice of this Partial Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 ("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.

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED Defendant, Defendant's agents, servants, employees, attorneys-in-fact, assigns, and all persons in active concert or participation with them who receive actual notice of this Partial Judgment by personal service or otherwise are permanently restrained and enjoined from, in connection with a distribution of securities, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, either alone or with one or more other persons, bidding for, purchasing, or attempting to induce any person to bid for or purchase, a covered security during the applicable restricted period, absent any exemption, in violation of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b) and Rules 101 and 102 of Regulation M thereunder, 17 C.F.R. §§ 242.101 and 242.102, which are the successor rules to Rule 10b-6, 17 C.F.R. § 242.10b-6.

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant, Defendant's agents, servants, employees, and attorneys-in-fact, assigns, and all persons in active concert or participation with them who receive actual notice of this Partial Judgment by personal

service or otherwise are permanently restrained and enjoined from violating Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a) by, directly or indirectly, controlling any person who violates Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, directly or indirectly, by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange:

- (a) employs any device, scheme, or artifice to defraud;
- (b) makes any untrue statement of a material fact or omits 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) engages in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person,

in connection with the purchase or sale of any security, unless Defendant acts in good faith and does not, directly or indirectly, induce the act or acts constituting the violation.

V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant, Defendant's agents, servants, employees, and attorneys-in-fact, assigns, and all persons in active concert or participation with them who receive actual notice of this Partial Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a) by, directly or indirectly, controlling any person who violates Section 17(a) of 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) employs any device, scheme, or artifice to defraud;
- (b) obtains 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
- (d) engages in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser,

unless the Defendant acts in good faith and does not, directly or indirectly, induce the act or acts constituting the violation.

VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant, Defendant's agents, servants, employees, and attorneys-in-fact, assigns, and all persons in active concert or participation with them who receive actual notice of this Partial Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a) by, directly or indirectly, controlling any person who violates Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rules 101 and 102 of Regulation M thereunder, 17 C.F.R. §§ 242.101 and 242.102, which are the successor rules to Rule 10b-6, 17 C.F.R. § 242.10b-6, in connection with a distribution of securities, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, either alone or with one or more other persons, bids for, purchases, or attempts to induce any person to bid for or purchase, a covered security during the applicable restricted period, absent any exemption, unless Defendant acts in good faith and does

not, directly or indirectly, induce the act or acts constituting the violation.

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the amount of disgorgement of ill-gotten gains plus prejudgment interest and civil penalties shall be determined at a later date by agreement of the parties, or failing that, by the Court.

VIII.

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.

IX.

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 Partial Judgment.

X.

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 Partial Judgment forthwith and without further notice.