

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

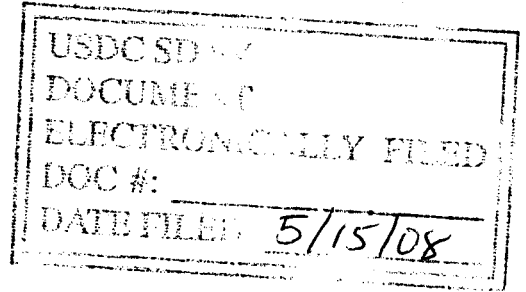
Plaintiff,

- against -

NORTHSHORE ASSET MANAGEMENT, LLC,
SALDUTTI CAPITAL MANAGEMENT, L.P.,
KEVIN KELLEY, ROBERT WILDEMAN,
GLENN SHERMAN, DOUGLAS BALLEW,
and FRANCIS J. SALDUTTI,

Defendants.

05 Civ. 2192 (WHP)



FINAL JUDGMENT AS TO DEFENDANT KEVIN KELLEY

The Securities and Exchange Commission having filed a Complaint and Defendant Kevin Kelley 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 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 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5, by using any means or instrumentality of interstate commerce, or of the

SO ORDERED:


WILLIAM H. PAULEY III U.S.D.J.

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 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.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons acting in active concert or participation with them who receive actual knowledge of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Sections 206(1) and 206(2) of the Investment Advisors Act of 1940 (the "Advisors Act"), 15 U.S.C. §§ 80b-6(1) and 80b-6(2), by using the mails or any means or instrumentality of interstate commerce, directly or indirectly:

- (a) To employ any device, scheme, or artifice to defraud any client or prospective client; or
- (b) to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED THAT Defendant is liable for disgorgement of \$35,850,000, plus prejudgment interest in the amount of \$13,068,640.78, for a total of \$48,918,640.78. Based on Defendant's sworn representations in his Statement of Financial Condition dated March 2, 2005, and other documents and information submitted to the Commission, however, the Court is not ordering Defendant to pay a civil penalty and payment of the disgorgement and prejudgment interest thereon is waived. The determination not to impose a civil penalty, and to waive payment of the disgorgement and prejudgment interest, is contingent upon the accuracy and completeness of Defendant's Statement of Financial Condition as of March 2, 2005, and other documents and information provided by Defendant.. If at any time following the entry of this Final Judgment the Commission obtains information indicating that Defendant's representations and testimony 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, prejudgment and postjudgment interest thereon, and the maximum civil penalty allowed by law. In connection with any such petition, the only issue shall be whether the financial information provided by Defendant was knowingly or recklessly fraudulent, misleading, inaccurate, or incomplete in any material respect at the time such representations were made. In any such petition, the Commission may move the 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 the Court's Final

Judgment. The Commission may also request additional discovery. Defendant may not, by way of defense to such petition: (1) challenge the validity of this Consent or the Final Judgment; (2) contest the allegations of the complaint; (3) assert that payment of disgorgement, prejudgment or postjudgment interest, or a civil penalty should not be ordered; (4) contest the amount of disgorgement or prejudgment or postjudgment 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: New York, New York
May 15, 2008


WILLIAM H. PAULEY III
United States District Judge

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

- against -

NORTHSHORE ASSET MANAGEMENT, LLC,
SALDUTTI CAPITAL MANAGEMENT, L.P.,
KEVIN KELLEY, ROBERT WILDEMAN,
GLENN SHERMAN, DOUGLAS BALLEW,
and FRANCIS J. SALDUTTI,

Defendants.

05 Civ. 2192 (WHP)

CONSENT OF DEFENDANT KEVIN KELLEY

1. Defendant Kevin Kelley ("Defendant") acknowledges having been served with a summons and complaint in this action, enters a general appearance, and admits the Court's jurisdiction over Defendant and over the subject matter of this action.

2. Without admitting or denying the allegations of the Second Amended Complaint (except as to personal and subject matter jurisdiction), which Defendant admits, Defendant hereby consents to the entry of a final judgment in the form attached hereto (the "Final Judgment") and incorporated by reference herein, which, among other things:

- a. permanently restrains and enjoins Defendant from violation of Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5, and of Sections 206(1) and 206(2) of the Investment Advisors Act of 1940 (the "Advisors Act"), 15 U.S.C. §§ 80b-6(1) and 80b-6(2); and

- (b) orders Defendant to pay disgorgement in the amount of \$35,850,000, plus prejudgment interest in the amount of \$13,068,640.78, for a total of \$48,918,640.78, payment of which amounts are waived.

3. Defendant acknowledges that the Court is not imposing a civil penalty or requiring payment of disgorgement and prejudgment interest based on Defendant's sworn representations in Defendant's Statement of Financial Condition dated May __, 2008 and other information supplied by Defendant. Defendant further consents that if at any time following the entry of the final judgment the Commission obtains information indicating that Defendant's representations to the Commission concerning Defendant's 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, prejudgment and postjudgment interest thereon, and the maximum civil penalty allowed by law. In connection with any such petition, the only issue shall be whether the financial information provided by Defendant was knowingly or recklessly fraudulent, misleading, inaccurate, or incomplete in any material respect at the time such representations were made. In the absence of such a finding, the waiver shall remain in effect. In any such petition, the Commission may move the 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 the Court's Final Judgment. The Commission may also request additional discovery. Defendant may not, by way of defense to such petition: (1) challenge the validity of this Consent or the Final Judgment; (2) contest the allegations of the complaint; (3)

assert that payment of disgorgement, prejudgment or postjudgment interest, or a civil penalty should not be ordered; (4) contest the amount of disgorgement or prejudgment or postjudgment 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.

4. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

5. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

6. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Defendant to enter into this Consent.

7. Defendant agrees that this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.

8. Defendant will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

9. Defendant waives service of the Final Judgment and agrees that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its terms and conditions. Defendant further agrees to provide counsel for the Commission,

within 30 days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Final Judgment.

10. Consistent with 17 C.F.R. § 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding. Defendant acknowledges that no promise or representation has been made by the Commission, or any member, officer, employee, agent, or representative of the Commission, with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of any self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Defendant understands that he shall not be permitted to contest the factual allegations of the complaint in this action.

11. Defendant understands and agrees to comply with the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegation in the complaint or order for proceedings." 17 C.F.R. § 202.5. In compliance with this policy, Defendant agrees: (i) not to take any action or to make or permit to

be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; and (ii) that upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint. If defendant breaches this agreement, 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, prejudgment and postjudgment interest thereon, and the maximum civil penalty allowed by law. Nothing in this paragraphs affects Defendant's (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

12. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendant to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.

13. In connection with this action and any related judicial or administrative proceeding or investigation commenced by the Commission or to which the Commission is a party, Defendant (i) agrees to appear and be interviewed by Commission staff at such times and places as the staff requests upon reasonable notice; (ii) will accept service by mail or of notices or subpoenas issued by the Commission for documents or testimony at depositions, hearings, or trials, or in connection with any related investigation by the Commission staff; (iii) with respect

to such notices and subpoenas, waives the territorial limits on service contained in Fed. R. Civ. P. 45 and any applicable local rules, provided that the party requesting the testimony reimburses Defendant's travel, lodging, and subsistence expenses at the then-prevailing U.S. Government per diem rates; and (iv) consents to personal jurisdiction over Defendant in any United States District Court for the purpose of enforcing any such subpoena.

14. Defendant agrees that the Commission may present the Final Judgment to the Court for signature and entry without further notice.

15. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

X Dated: _____
May _____, 2008

KEVIN KELLEY

STATE OF NEW JERSEY)
) ss.:
COUNTY OF BURLINGTON)

On _____, 2008, Kevin Kelley, a person known to me, or properly identified to me, personally appeared before me and acknowledged executing the foregoing Consent.

Notary Public
My Commission Expires:

05/05/2008 MON 08:05 FAX 648 428 1981

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to such notices and subpoenas, waives the territorial limits on service contained in Fed. R. Civ. P. 45 and any applicable local rules, provided that the party requesting the testimony reimburses Defendant's travel, lodging, and subsistence expenses at the then-prevailing U.S. Government per diem rates; and (iv) consents to personal jurisdiction over Defendant in any United States District Court for the purpose of enforcing any such subpoena.

14. Defendant agrees that the Commission may present the Final Judgment to the Court for signature and entry without further notice.

15. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

X Dated:

Kevin O Kelly
May 5, 2008

KEVIN KELLEY

STATE OF NEW JERSEY

COUNTY OF BURLINGTON

)
) ss.:
)

On 5 May, 2008, Kevin Kelley, a person known to me, or properly identified to me, personally appeared before me and acknowledged executing the foregoing Consent.

Notary Public *Walter L Biederbeck Jr*
My Commission Expires:

WALTER L. BIEDERBECK JR.
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 2/28/2011

SO ORDERED:

WILLIAM H. PAULEY III U.S.D.J.