

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION**

**UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,**

Plaintiff,

v.

**DENNIS CROWLEY, SPEAR & JACKSON, INC.,
INTERNATIONAL MEDIA SOLUTIONS, LLC,
YOLANDA VELAZQUEZ AND KERMIT SILVA,**

Defendants.

**CASE NO. 04-80354-CIV-
MIDDLEBROOKS/JOHNSON**

NOTICE OF SEC SETTLEMENT FUND

TO: ALL PERSONS OR ENTITIES WHO PURCHASED: (1) COMMON STOCK OF SPEAR & JACKSON, INC. FROM FEBRUARY 1, 2002 THROUGH APRIL 15, 2004, INCLUSIVE; OR (2) COMMON STOCK OF CELEBRITY ENTERTAINMENT GROUP, INC. FROM JANUARY 8, 2001 THROUGH APRIL 10, 2001, INCLUSIVE

In April 2004, the United States Securities and Exchange Commission ("SEC") sued Spear & Jackson, Inc., International Media Solutions, LLC, and certain of their officers and other insiders alleging "pump and dump" schemes involving the common stock of Spear & Jackson and Celebrity Entertainment Group. The lawsuit resulted in several settlements and the creation of a settlement fund ("SEC Settlement Fund") to compensate investors who purchased common stock of Spear & Jackson from February 1, 2002 through April 15, 2004, inclusive, **and/or** investors who purchased common stock of Celebrity Entertainment Group from January 8, 2001 through April 10, 2001, inclusive.¹

This Notice has been provided to you pursuant to Court Order. It contains information regarding: (1) the Background of the SEC Action; (2) How to Contact the Distribution Agent and Claims Administrator; (3) the Distribution Plan for the SEC Settlement Fund; (4) *In re Spear & Jackson Securities Litigation* (a parallel class action that has its own fund that will be distributed in conjunction with this case); and (5) How to Obtain and Submit a Proof of Claim.

PLEASE NOTE, as explained below, if you want to share in the proceeds of the SEC Settlement Fund, you must submit a Proof of Claim so that it is received by the Claims Administrator by July 13, 2007.

I. BACKGROUND OF SEC ACTION

On April 15, 2004, the SEC filed a complaint against Spear & Jackson, Inc. ("S&J"), Dennis Crowley (S&J's CEO), International Media Solutions, LLC ("IMS"), Yolanda Velazquez and Kermit Silva (IMS' two principals), alleging that in 2002 Crowley began to secretly and unlawfully sell S&J stock through brokerage accounts in the name of various nominee companies based in the British Virgin Islands. At the same time, Velazquez and Silva used false information to promote S&J stock to broker-dealers around the country. Between January 2002 and July 2003, S&J's stock price increased from \$2 to \$16 per share. After news reports in July 2003 brought into question the accounting policies and public statements of S&J and IMS, S&J stock began a precipitous decline which continued through the filing of the SEC complaint in April 2004. At that point, S&J stock was trading for less than \$2 per share. Similarly, the SEC alleged that the same Defendants perpetrated an almost identical scheme in early 2001 in connection with the common stock of Celebrity Entertainment Group, Inc. ("Celebrity"). As a result of this scheme, in January 2001, Celebrity's stock jumped from less than \$2 per share to more than \$11 in just a few days. The manipulation of Celebrity stock continued up until April 2001, at which time Celebrity stock returned to \$2 per share.

On February 10, 2005, the SEC settled with most of the Defendants with separate Final Judgments being subsequently entered. Crowley was required to pay disgorgement, prejudgment interest and penalties totaling \$6,069,790. Crowley was also required to return approximately six million S&J shares to S&J that Crowley owned as of April 15, 2004. Velazquez was ordered to pay \$437,224 in disgorgement, prejudgment interest and penalties. IMS, which is now defunct, was ordered to pay disgorgement and prejudgment interest of \$2,137,819. Both Crowley and Velazquez have satisfied the Final Judgments entered

¹ Please note that prior to November 12, 2002, Spear & Jackson was known as Megapro Tools, Inc. Also note that since April 2001, Celebrity has been known as Sharp Holding Corporation.

against them. On September 29, 2005, Kermit Silva consented to a Final Judgment, requiring him to pay disgorgement, prejudgment interest and penalties totaling \$420,259. Silva has not yet satisfied his Final Judgment. Any money that Silva pays to the SEC in satisfaction of his Final Judgment prior to distribution will be included in the distribution. The SEC Settlement Fund currently totals more than \$7 million.

The SEC has requested, and the Court has approved, that the SEC Settlement Fund be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002 (the "Act"). Specifically, the SEC Settlement Fund will be distributed in accordance with the Distribution Plan (described in more detail in Section III) approved by the Court on September 14, 2006.

II. DISTRIBUTION AGENT

On May 11, 2005, at the SEC's request, this Court entered an Order appointing Kevin B. Love as Distribution Agent in this Action. Under the Court's Order, the Distribution Agent was directed to: (1) take possession of the SEC Settlement Fund; (2) make appropriate tax payments; (3) develop notice and claim administration procedures; (4) develop and implement a distribution plan; and (5) upon proper notice and Court approval, distribute the SEC Settlement Fund in accordance with an approved distribution plan. On September 14, 2006, the Court approved a Distribution Plan (summarized in Section III).

On December 19, 2005, the Court approved the Distribution Agent's retention of Complete Claim Solutions, LLC as Claims Administrator. You may contact the Claims Administrator by calling (877) 567-4296, or writing to Spear & Jackson/Celebrity Settlements, c/o Complete Claim Solutions, LLC, P.O. Box 24684, West Palm Beach, FL 33416. Notices and Proofs of Claim can also be downloaded from www.SpearJacksonCelebritySettlements.com.

Inquiries, other than requests for the Notice and Proof of Claim, may be made to: Kevin B. Love, Distribution Agent, Hanzman Criden & Love, P.A., 7301 S.W. 57th Court, Suite 515, South Miami, FL 33143. You can also contact the Distribution Agent by phone at 305-357-9000 or by e-mail at klove@hanzmancriden.com.

III. SUMMARY OF DISTRIBUTION PLAN

A. Celebrity Fund

The Distribution Plan provides that out of the approximate \$7 million to be distributed, \$929,074 will be segregated to be distributed only to shareholders of Celebrity. The Court approved the separate Celebrity distribution because those funds were directly attributable to Defendants' scheme to defraud Celebrity shareholders. The remaining funds will be distributed to eligible S&J shareholders. The Distribution Plan contains a "spillover provision" between the funds so that if one fund is not used up, then the remaining funds can be distributed to the other company's shareholders.²

B. Determination of Eligibility

The Relevant Time Period ("RTP") for S&J shareholders is February 1, 2002 through April 15, 2004, inclusive. The RTP for Celebrity shareholders is January 8, 2001 through April 10, 2001, inclusive. Once the Proofs of Claim are received, the Distribution Agent shall review transaction dates and eliminate those transactions which do not fall within the applicable RTPs. If there is no evidence of a purchase date (only evidence of a sale), the claim will be considered ineligible based on the presumption that the stock was acquired by means other than purchase on the open market.

No Defendant or Relief Defendant³ may be considered an Eligible Claimant, nor may they share in any distribution of the SEC Settlement Fund. In addition, all family members, agents (formally or informally) or parties otherwise related to or affiliated with any of the Defendants or Relief Defendants may not be Eligible Claimants or share in any distribution of the SEC Settlement Fund. Broker-to-broker transactions are ineligible. In addition, only purchases of S&J stock and purchases of Celebrity stock through public, open-market transactions during the applicable RTPs are eligible. Moreover, "short" sales of S&J and Celebrity stock shall not be recognized for any amount of loss on the cover, purchase or closing transaction, and no Recognized Loss (as defined below) will be computed for any such covering purchase or closing transaction.

The Distribution Agent shall deny all claims which he determines, in his discretion, to be ineligible in accordance with the criteria set forth in the Distribution Plan.

C. Calculation of Gains or Losses

For S&J shareholders⁴ who submit Eligible Claims, the Distribution Agent shall determine their Recognized Loss as follows:

- (a) For shares purchased between February 1, 2002 and April 15, 2004, inclusive, and sold between February 1, 2002 and April 15, 2004, the Recognized Loss per share shall be the purchase price minus the sales price;
- (b) For shares purchased between February 1, 2002 and April 15, 2004, inclusive, and held at the close of business on April 15, 2004, the Recognized Loss per share shall be the purchase price minus \$1.69; and

² No funds designated as penalties in the S&J case shall be made available to Celebrity's shareholders.

³ Defendants include: Dennis Crowley, Spear & Jackson, Inc., International Media Solutions, LLC, Yolanda Velazquez and Kermit Silva. Relief Defendants include: Houndstooth Ltd., Pittsfield Resources Ltd., Northbase, Ltd., Bellow Capital Management Ltd., River Group Holdings Corp., Rolling Hills Enterprises Ltd., Arden Enterprises Inc., Kidz Inc., PNC Investments Inc. and Triton Enterprises.

⁴ The term "S&J shareholders" includes investors who purchased shares either of Spear & Jackson or Megapro Tools, Inc. during the RTP.

- (c) All Recognized Gains shall be subtracted from all Recognized Losses to determine the final Recognized Loss for each claimant.

For Celebrity shareholders⁵ who submit Eligible Claims, the Distribution Agent shall determine their Recognized Loss as follows:

- (a) For shares purchased between January 8, 2001 and April 10, 2001, inclusive, and sold between January 8, 2001 and April 10, 2001, the Recognized Loss per share shall be the purchase price minus the sales price;
- (b) For shares purchased between January 8, 2001 and April 10, 2001, inclusive, and held at the close of business on April 10, 2001, the Recognized Loss per share shall be the purchase price minus \$1.30; and
- (c) All Recognized Gains shall be subtracted from all Recognized Losses to determine the final Recognized Loss for each claimant.

If an otherwise Eligible Claim would result in a distribution of less than \$10.00, it is ineligible.

For claimants who held shares at the beginning of the RTPs or made multiple purchases or sales during the RTPs, the first-in, first-out (“FIFO”) method will be applied to such holdings, purchases and sales for purposes of calculating their Recognized Loss. The S&J Fund and Celebrity Fund shall be treated separately for distribution purposes except for a spillover provision (as provided for in the Distribution Plan). Unless the spillover provision becomes applicable, Eligible Claimants who have Recognized Losses due to purchases of S&J common stock shall be compensated out of the S&J Fund. Similarly, Eligible Claimants who have Recognized Losses due to purchases of Celebrity common stock shall be compensated out of the Celebrity Fund.

Each Fund (after all appropriate costs and/or reserves have been deducted from the Fund) shall be allocated *pro rata* based upon each Eligible Claimant’s Recognized Loss. Eligible Claimants shall receive a *pro rata* share based on their Recognized Loss from their respective Fund up to 100% of their Recognized Loss. Should the total amount of the money due Eligible Claimants exceed that particular Fund, the Distribution Agent shall distribute the Fund to the Eligible Claimants *pro rata* based upon the ratio of the Eligible Claim of each Eligible Claimant to the aggregate Eligible Claims of all Eligible Claimants. If, after paying all Eligible Claims (and all expenses and reserves), money remains in either Fund, then the money shall be given to the SEC, which shall transfer the funds to the United States Treasury.

Each investor making a claim shall be deemed to have submitted to the jurisdiction of the United States District Court for the Southern District of Florida with respect to the eligibility of its claim.

IV. IN RE SPEAR & JACKSON SECURITIES LITIGATION

The recovery in the SEC action is in addition to a \$775,000 settlement (“S&J Securities Litigation Fund”) recovered in a parallel class action called *In Re Spear & Jackson Securities Litigation*, Case No. 04-80375. Kevin B. Love, the Distribution Agent in the SEC action, has been appointed to distribute both the SEC Settlement Fund and the S&J Securities Litigation Fund for the benefit of damaged shareholders. As explained below in Section V, the Court has approved a combined Proof of Claim which you can use to make a claim on both the SEC Settlement Fund and the S&J Securities Litigation Fund. **The deadline for making a claim on the SEC Settlement Fund and the S&J Securities Litigation Fund is the same -- You must submit a Proof of Claim so that it is received by the Claims Administrator by July 13, 2007.**

To obtain a Notice of Pendency and Proposed Settlement of Class Action for *In Re Spear & Jackson Securities Litigation*, please call (877) 567-4296, or write to Spear & Jackson/Celebrity Settlements, c/o Complete Claim Solutions, LLC, P.O. Box 24684, West Palm Beach, FL 33416. Notices and Proofs of Claim can also be downloaded from www.SpearJacksonCelebritySettlements.com.

V. PROOF OF CLAIM

The Court has directed that one Proof of Claim be used so that a claimant can make a claim for losses incurred in connection with its purchases of either S&J or Celebrity common stock, or both. Furthermore, the Court has directed that one Proof of Claim be used so that an eligible Spear & Jackson shareholder can make a claim on both the SEC Settlement Fund and the S&J Securities Litigation Fund.

To be eligible to share in the SEC Settlement Fund, investors must comply with all of the instructions in the Proof of Claim, and must also provide all documentary evidence that is requested by the Distribution Agent. The Distribution Agent may utilize broker-transmitted data for calculating gains/losses. All Proofs of Claim shall be verified on the basis of a sworn affidavit or declaration executed by the claimant or an appropriate officer of a corporate or institutional claimant. Where the Distribution Agent determines from available information that a given claimant has an Eligible Claim, that claimant shall be excused from the necessity of filing a Proof of Claim.

Investors must submit their Proof of Claim so that it is received by the Claims Administrator by July 13, 2007 (“Claims Bar Date”). To avoid being barred from asserting a claim, each potential claimant must submit to the Claims Administrator a properly completed Proof of Claim (together with all supporting documentation) so that it is received by the Claims Administrator on or before the Claims Bar Date. Any potential claimant that does not submit a properly completed and

⁵ For purposes of sales (or holding shares as set forth in subsection(b)), the term “Celebrity shareholders” shall include investors who sold shares of Celebrity Entertainment Group, Inc. or Sharp Holding Corporation during the RTP.

documented Proof of Claim so that such completed Proof of Claim and documentation are received by the Claims Administrator on or before the Claims Bar Date (whether or not the claimant received actual notice) shall be barred from asserting a claim. The burden shall be upon the investor to ensure that its Proof of Claim has been properly and timely received by the Claims Administrator prior to the Claims Bar Date. For good cause shown, the Claims Bar Date may be extended for one or more potential claimants by the Distribution Agent.

The Distribution Agent and the Claims Administrator shall review each Proof of Claim to determine an investor's eligibility and Recognized Loss. Each investor shall have the burden of proof to establish their eligibility and Recognized Loss. The Distribution Agent and the Claims Administrator shall have the right to request, and the investor shall have the burden of providing, any additional information and/or documentation deemed relevant by the Distribution Agent and Claims Administrator.

A reasonable time after the Claims Bar Date, the Distribution Agent shall notify in writing all claimants whose claims have been denied. The Distribution Agent shall advise each such claimant of the basis for the rejection of the claim. Any claimant who objects to the Distribution Agent's determination of eligibility or wishes him to reconsider the denial of the claim, must so advise the Distribution Agent in writing so that the letter is received by the Distribution Agent within twenty-one (21) calendar days after the Distribution Agent mails notice of the denial of the claim. The Distribution Agent, in consultation with the SEC, shall promptly consider any such request for reconsideration and shall notify the claimant in writing of his final decision. A failure to properly and timely request reconsideration of a claim denial shall permanently waive the claimant's right to further contest the decision.

VI. MOTION TO APPROVE PROPOSED DISTRIBUTION

After a final review of each Eligible Claim (including the consideration and reconsideration of any denied claims) and determining the final amount of Recognized Loss as to each, the Distribution Agent shall file a motion with the Court for the entry of an order approving the proposed distribution to Eligible Claimants. The Proposed Distribution Order shall include:

- (a) The intended date for the proposed distribution;
- (b) A summary report of the estimated amount of each Fund which will be available at the time of the proposed distribution and a breakdown of the amount of all taxes, fees and expenses incurred or estimated to be incurred by the Distribution Agent and his professionals through the proposed distribution date and the closing of this case; and
- (c) A summary report listing all Eligible Claimants by name, address, transfer agent (if necessary) and amount of Recognized Loss and each claimants' estimated payment.

In the Motion to Approve the Proposed Distribution Order, the Distribution Agent shall summarize all disputed issues with any investors regarding eligibility, Recognized Loss, proposed payments or any other relevant issues. The Distribution Agent shall serve the Motion on any investor that previously objected to the Distribution Agent's determination of eligibility or who requested a reconsideration of a decision by the Distribution Agent. The objecting investor shall have the right to file an appeal with the Court of any decision of the Distribution Agent so long as it is filed within 30 days after service of the Motion. The Distribution Agent shall serve a response, if necessary, within 10 days after the thirty-day period ends. Resolution of any appeals shall be included in the Court's final Distribution Order.

In the Proposed Distribution Order, the Distribution Agent shall also request that a prudent reserve be held back to take into account final fees and expenses likely to be incurred before the distribution is completed. Upon entry of a Distribution Order, the Distribution Agent shall prepare and send distribution checks to all Eligible Claimants via U.S. mail. The Distribution Agent shall endeavor to send out checks as soon as practical after the Distribution Order is entered, but in no event, later than ninety (90) days from the entry of the Distribution Order. Each check will have the notation that it must be cashed within 120 days or otherwise the check will become void. After 120 days has elapsed from the day that the last check is mailed out to investors, the Distribution Agent shall return all funds in its possession to the SEC, which shall transfer the funds to the United States Treasury.

If for some reason the Distribution Agent is not permitted to disburse the funds recovered in *In re Spear & Jackson Securities Litigation* in a timely manner, then the distribution for the SEC action shall go forward independently from the *In re Spear & Jackson Securities Litigation* distribution.

VII. MISCELLANEOUS

PLEASE DO NOT contact the Court or the Clerk's Office regarding this Notice. Inquiries, other than requests for the Notice and Proof of Claim, may be made to: Kevin B. Love, Distribution Agent

Hanzman Criden & Love, P.A.
7301 S.W. 57th Court, Suite 515
South Miami, FL 33143
305-357-9000
klove@hanzmancriden.com

Dated: January 16, 2007

BY ORDER OF THE COURT