UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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CONTINENTAL CASUALTY COMPANY,

Plaintiff,

v.

MARSHALL GRANGER & COMPANY, LLP, and LAURENCE M. BROWN,

Defendants,

and

JOSEPH J. BOUGHTON, JR. and NORTHSTAR INVESTMENT GROUP, LTD.

Defendants-Intervenors.

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Case No. 11-CV-3979 (CS)

FINAL JUDGMENT

Pursuant to the Court's opinions and orders of January 31, 2013 and March 20, 2014, and its bench rulings of December 18, 2015 and March 23, 2016, and pursuant to the verdict rendered by the jury on June 3, 2016, following a three-day trial, it is hereby ORDERED, ADJUDGED, and DECREED as follows:

1. Judgment BE, and hereby IS, ENTERED in favor of Plaintiff Continental Casualty Company ("Continental") and against Defendant Marshall Granger & Co., LLP ("Marshall Granger") and Defendants-Intervenors Joseph J. Boughton, Jr., and Northstar Investment Group, Ltd. (together, the "Boughton Entities").[1]

[1] The Boughton Entities intervened in this lawsuit pursuant to an assignment of rights from Defendant Ronald Mangini, a former partner in Marshall Granger who was dismissed from this lawsuit following the Boughton Entities' intervention (Dkt. No. 13). The Court has previously entered default judgment in favor of Continental and against Defendant Laurence M. Brown (Dkt. No. 21).

2. As previously held by the Court in its opinion and order of March 20, 2014 (Dkt. No. 94), it is hereby DECLARED that Continental is entitled to rescind Accountants Professional Liability No. 140451264, which Continental issued to Marshall Granger for the period of April 1, 2010, to April 1, 2011 (the "Policy"), because Marshall Granger's application for insurance contained misrepresentations that were material to Continental's risk as a matter of law.

3. As previously held by the Court in its opinion and order of January 31, 2013 (Dkt. No. 58), it is hereby DECLARED that Continental's right to rescind the Policy extends to all insureds, including any purportedly "innocent" insureds.

4. As previously held by the Court in its opinion and order of March 20, 2014 (Dkt. No. 94), it is hereby DECLARED that Continental did not affirmatively waive its right to rescind the Policy by issuing administrative endorsements to the Policy in November 2010; by paying defense costs to Marshall Granger, as required by the Policy; or by sending a notice of non-renewal to Marshall Granger on February 4, 2011, that offered extended reporting period coverage.

5. As found by the jury in its verdict of June 3, 2016, it is hereby DECLARED that the Boughton Entities did not prove, by a preponderance of the evidence, that Continental waived its right to assert a rescission claim by failing to promptly assert rescission – that is, by unreasonably delaying in filing its rescission action – after it learned of sufficient facts to justify rescission.

6. It is hereby DECLARED that, because the Policy is rescinded and void *ab initio*, Continental has no coverage obligations under the Policy for any claims made against Marshall Granger, Laurence Brown, Ronald Mangini, or any other insured under the Policy, including but

not limited to claims arising out of the Infinity Reserves-Tennessee fraudulent scheme and including but not limited to claims asserted by the Boughton Entities.

7. The first amended counterclaim filed by the Boughton Entities against Continental (Dkt. No. 61) BE, and the same hereby IS, DISMISSED, WITH PREJUDICE.

8. Pursuant to Rule 54(d) of the Federal Rules of Civil Procedure, Continental hereby is DEEMED to be a prevailing party that is entitled to costs. Continental shall, in accordance with Local Civil Rule 54.1, file with the Clerk a notice of taxation of costs by Electronic Case Filing that indicates the date and time of taxation and that annexes a bill of costs.

9. Notwithstanding the entry of final judgment in favor of Continental, the Court expressly RETAINS jurisdiction to adjudicate any motion that may be filed in accordance with the Court's invitation for a motion during trial proceedings held on June 2, 2016 and for any post-trial motions authorized under the Federal Rules of Civil Procedure.

SO ORDERED.

DATED: June 8, 2016
White Plains, New York

Cathy Seibel

Cathy Seibel, U.S.D.J.