



15 March 2006

Dear Dealers,

Many of you are aware of the emotional and practical difficulties resulting from the criminal actions of Barry Miller against Halcyon Manufacturing. My note here is designed to close this chapter in Halcyon's history; this statement should also serve to correct the significant misinformation propagated by Barry Miller. Initially it was hard for Halcyon employees to understand the motivations of those in Internet discussion forums who seem determined to assert that Halcyon has somehow wronged Barry Miller. However, careful consideration allowed us to appreciate that the lies told by Barry are similar to those he used against Halcyon; we were fooled as are many of his supporters.

In fact, over the course of many months Barry lied to friends and fellow employees while robbing Halcyon of vital resources and poisoning vendor relationships. As Halcyon's most senior manager, Barry enjoyed a very healthy salary and the trust of his friends and employees; yet, he abused that trust while stealing from Halcyon and simultaneously tricking our employees into building products for his company. In fact, his new company, Salvo Diving, was formed with material and labor stolen from Halcyon Manufacturing. To this very day Barry twists events in an attempt to justify malicious acts against Halcyon Manufacturing. Barry was never cheated by me or by Halcyon; his statements seeking to defame me are false. In fact, it is our opinion that these comments are libelous, adding to the damages incurred by Halcyon Manufacturing.

Finally, after 17 long months, the state's case against Barry Miller reached its final stage this morning with the judge agreeing to and imposing a combined restitution and prison arrangement. This agreement allowed Barry to notably reduce his prison sentence while providing Halcyon with an immediate restitution payment of \$82,024 and monthly restitution payments totaling an additional \$60,000 once released from prison in 2007. In part, this restitution will relieve some of the significant damage done by Barry Miller. However, given the scope and continuation of offenses against Halcyon, civil proceedings against Salvo are inevitable. During the hearing Barry acknowledged guilt on two counts of felony grand theft for which he will serve 366 days in state prison; Barry also agreed to repay the theft of Halcyon's stolen merchandise. The statement submitted by Barry is as follows:

**IN THE CIRCUIT COURT OF THE EIGHTH JUDICIAL CIRCUIT, IN AND FOR
ALACHUA COUNTY, FLORIDA**

**STATE OF FLORIDA, Plaintiff, vs. BARRY MILLER, Defendant
CASE NUMBER: 2004-CF-4827-A
DIVISION: III**

AFFIDAVIT OF ADMISSION TO OFFENSE(S) CHARGED

1. I was a senior production manager for Halcyon Manufacturing.
2. As a senior production manager I was able, through various means, to take in excess of \$100,000 worth of raw materials at wholesale value and use these materials to fund my new company Salvo

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Diving.

3. In the weeks leading up to my termination, I instructed Halcyon employees who reported directly to me, to manufacture products for my new company while senior management was away on business trips.
4. Although my employment with Halcyon was not officially terminated until October 19, 2004, I did make plans to start my own business and registered Salvo Diving with the State of Florida on October 14, 2004 and my business website salvodiving.com on September 17, 2004.
5. I deprived Halcyon of a total of \$142,000 of raw material at cost value and services.
6. This was done without the permission or authorization of Halcyon.

Signed:

BARRY MILLER - Defendant

MICHAEL J. BARBARETTE – Attorney for Defendant

DAVID GLANT – Circuit Judge

For Halcyon's part, we are pleased to be freed from the malicious actions of a manager intent on doing us harm. Moreover, Halcyon remains deeply grateful for the many people that have supported us through this difficult time. We are very excited about the future and pleased to be returning full time to our primary passion. Halcyon has an exciting range of innovations and diving projects planned for the future and we celebrate our tenth anniversary with the satisfaction that comes from managing the difficulties of the past while looking forward to the good years ahead.

Sincerely,

Jarrold Jablonski
CEO Halcyon Manufacturing www.halcyon.net

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