

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA—WESTERN DIVISION

JONAH ANSELL, Individually and
On Behalf of All Others Similarly Situated,

Plaintiff,

vs.

DANIEL S. LAIKIN, TIMOTHY S. DURHAM,
PAUL SKJODT, ROBERT LEVY,
JAMES P. JIMIRRO, DUNCAN MURRAY,
JAMES TOLL, LORRAINE EVANOFF, and
NATIONAL LAMPOON, INC.,

Defendants.

) No. CV 10-09292 PA (AGRx)

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) **CLASS ACTION**

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) JUDGE: Hon. Percy Anderson

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) Complaint Filed: December 3, 2010

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NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION

If you purchased or otherwise acquired the common stock (“Stock”) of National Lampoon, Inc. (“National Lampoon” or the “Company”) during the period from March 1, 2008 through and including December 15, 2008, you could get a payment from a class action settlement (the “Settlement”).

Under law, a federal court has authorized this notice.

- If approved by the Court, the settlement will provide \$1,000,000 (the “Settlement Amount”), to pay claims of investors who purchased National Lampoon Stock during the period from March 1, 2008 through and including December 15, 2008 (the “Class Period”).
- The Settlement represents an average recovery of \$0.54 per share of National Lampoon Stock for the 1.85 million shares estimated to have suffered damages during the Class Period. A share may have been traded more than once during the Class Period. This estimate solely reflects the estimated average recovery per damaged share of National Lampoon Stock. The indicated average recovery per share will be the total average recovery for all purchasers of that share. This is not an estimate of the actual recovery per share you should expect. Your actual recovery will depend on the aggregate losses of all Class Members, the date(s) you purchased and sold National Lampoon Stock, and the total number and amount of claims filed.
- Attorneys for the Lead Plaintiffs (“Class Counsel”) intend to ask the Court to award them fees of up to one-third of the Settlement Amount, reimbursement of litigation expenses not to exceed \$50,000, and an award to the Lead Plaintiffs not to exceed \$1,500 each. Collectively, the attorneys’ fees and expenses are estimated to average \$0.21 per share of National Lampoon Stock. If approved by the Court, these amounts will be paid from the Settlement Fund.
- The approximate recovery, after deduction of attorneys’ fees and expenses approved by the Court, is an average of \$0.33 per share of National Lampoon Stock. This estimate is based on the assumptions set forth in the preceding paragraph. Your actual recovery, if any, will vary depending on your purchase price and sale price, and the number and amount of claims filed.
- The Settlement resolves the lawsuit concerning:
 - (1) Defendant Daniel S. Laikin’s (“Laikin”) scheme to artificially inflate the price of National Lampoon by creating artificial demand and artificial trading volume for the stock by paying kickbacks to other conspirators in exchange for the co-conspirators’ purchases and promotion of the Company’s stock (the “Stock Manipulation Scheme”); and
 - (2) the failure of Defendants Laikin, Timothy S. Durham (“Durham”) and National Lampoon to disclose the existence of Defendant Laikin’s illicit stock manipulation scheme to the investing public during the Class Period (the “Non-Disclosure of the Stock Manipulation Scheme”); and

- (3) control over the actions of National Lampoon during the Class Period, including the power to cause the Company to disclose the existence of the Stock Manipulation Scheme, exercised by Defendants Laikin, Durham, Paul Skjodt (“Skjodt”), Robert Levy (“Levy”), James P. Jimirro (“Jimirro”), Duncan Murray (“Murray”), James Toll (“Toll”), Lorraine Evanoff (“Evanoff”).
- (4) certain underlying acts specified in the December 11, 2008 criminal indictment returned against Defendant Laikin for conspiracy, in violation of 18 U.S.C. § 371, securities fraud, in violation of 15 U.S.C. §§ 78j(b), 78ff, and 17 C.F.R. § 240.10b-5, and aiding and abetting, in violation of 18 U.S.C. § 2 (the “Laikin Indictment”), which are incorporated by reference into the Complaint filed in this lawsuit; and
- (5) the acts specified in the complaint filed by the United States Securities Exchange Commission (“SEC”) in the United States District Court for the Eastern District of Pennsylvania against National Lampoon, Defendant Laikin, Dennis S. Barsky, Eduardo Rodriguez and Tim Dougherty on December 15, 2008 (the “SEC Complaint”), which are incorporated by reference into the Complaint filed in this lawsuit. Defendants Laikin, Durham, Skjodt, Levy, Jimirro, Murray, Toll, and Evanoff deny all allegations of misconduct;

Your legal rights will be affected whether you act or do not act. If you do not act, you may permanently forfeit your right to recover on this claim. Therefore, you should read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM NO LATER THAN JUNE 13, 2012	The only way to get a payment.
EXCLUDE YOURSELF NO LATER THAN JUNE 13, 2012	Get no payment. This is the only option that allows you to be part of any other lawsuit against Defendants about the legal claims in this case.
OBJECT NO LATER THAN MAY 29, 2012	Write to the Court about why you do not like the settlement.
GO TO A HEARING ON JUNE 18, 2012	Speak in Court about the fairness of the settlement.
DO NOTHING	Get no payment. Give up rights.

INQUIRIES

Please do not contact the Court regarding this notice. All inquiries concerning this Notice, the Proof of Claim form, or any other questions by Class members should be directed to:

National Lampoon Securities Litigation
 Claims Administrator
 c/o Strategic Claims Services
 P.O. Box 230
 600 N. Jackson Street, Suite 3
 Media, PA 19063
 Tel: (866) 274-4004
www.strategicclaims.net

COMMON QUESTIONS AND ANSWERS CONCERNING THE SETTLEMENT

1. Why did I get this Notice?

You or someone in your family may have acquired National Lampoon Stock during the Class Period.

2. What is this lawsuit about?

The case is known as Ansell v. Laikin, et al., No. CV 10-09292 PA (AGRx) (the “Litigation”), and the Court in charge of the case is the United States District Court for the Central District of California, Western Division.

The Class Action asserts that Defendants violated the federal securities laws in connection with Defendant Laikin’s Stock Manipulation Scheme; the Non-Disclosure of the Stock Manipulation Scheme; and, with respect to Defendants Laikin, Durham, Levy, Jimirro, Murray, Toll, and Evanoff, as control persons over National Lampoon during the Class Period. The Settling Defendants deny they did anything wrong. The Settlement resolves all of the claims in the Class Action.

3. Why is this a class action?

In a class action, one or more persons and/or entities, called Lead Plaintiffs, sue on behalf of all persons and/or entities who have similar claims. All of these persons and/or entities are referred to collectively as a Class, and these individual persons and/or entities are known as Class Members. One court resolves all of the issues for all Class Members, except for those Class Members who exclude themselves from the Class.

4. Why is there a Settlement?

Lead Plaintiffs and Settling Defendants do not agree regarding the merits of Lead Plaintiff's allegations with respect to liability or the average amount of damages per share that would be recoverable if Lead Plaintiff were to prevail at trial on each claim. The issues on which the Lead Plaintiff and Settling Defendants disagree include: (1) whether the Defendant Laikin engaged in the Stock Manipulation Scheme; (2) whether the Defendants Laikin and Durham, as well as National Lampoon failed to disclose the existence of Defendant Laikin's illicit stock manipulation scheme to the investing public during the Class Period; (3) whether Defendants exercised control over the actions of National Lampoon during the Class Period, including the power to cause the Company to disclose the existence of the Stock Manipulation Scheme; (4) whether the misconduct of Defendants was the cause of the Class Members' alleged damages; and (5) the amount of damages, if any, suffered by the Class Members.

This matter has not gone to trial and the Court has not decided in favor of either Lead Plaintiffs or Defendants. Instead, Lead Plaintiffs and Settling Defendants have agreed to settle the Class Action. The Lead Plaintiff and Class Counsel believe the settlement is best for all Class Members because of the risks associated with continued litigation and the nature of the defenses raised by the Settling Defendants. Even if Plaintiffs win at trial, and also withstand Defendants' inevitable challenge on appeal, Plaintiffs might not be able to collect some, or all, of the judgment.

5. How do I know if I am part of the Class settlement?

To be a Class Member, you must have purchased or otherwise acquired National Lampoon Stock during the period from March 1, 2008 through and including December 15, 2008.

6. Are there exceptions to being included?

Yes. Excluded from the Class are Defendants, the defendants named in the SEC Complaint, and all former officers and directors of National Lampoon, and the members of such excluded persons' immediate families, legal representatives, heirs, predecessors, successors, and assigns, and any entity in which any excluded person has or had a controlling interest, and any persons who have separately filed actions against one or more of Defendants, based in whole or in part on any claim arising out of or relating to any of the alleged acts, omissions, misrepresentations, facts, events, matters, transactions, or occurrences referred to in the Litigation or otherwise alleged, asserted, or contended in the Litigation. Also, if you exclude yourself from the Class, as described below, you are not a part of the Class.

7. What does the Settlement provide?

a. What is the Settlement Fund?

The proposed Settlement calls for Defendants to create a Settlement Fund (the "Settlement Fund") in the amount of \$1,000,000. The Settlement is subject to Court approval. Also, subject to the Court's approval, a portion of the Settlement Fund will be used to pay Lead Plaintiffs' attorneys' fees and reasonable litigation expenses and any award to Lead Plaintiffs. A portion of the Settlement Fund also will be used to pay taxes due on interest earned by the Settlement Fund, if necessary, and any notice and claims administration expenses permitted by the Court. After the foregoing deductions from the Settlement Fund have been made, the amount remaining (the "Net Settlement Fund") will be distributed to Class Members who submit valid claims. Any money remaining in the Settlement Fund after payment of all allowed claims, any award of attorneys fees and expenses and the costs of Settlement administration shall be refunded to Defendants' Insurer.

b. What can you expect to receive under the proposed Settlement?

Your share of the Net Settlement Fund will or may depend on: (i) the number of claims filed; (ii) the dates you purchased and sold National Lampoon Stock; (iii) the prices of your purchases and sales; (iv) the amount of administrative costs, including the costs of notice; and (v) the amount awarded by the Court to Lead Plaintiffs and Class Counsel for attorneys' fees, costs, and expenses.

The Settlement provides for a \$1,000,000 cash Settlement Fund for the benefit of Class Members. Lead Counsel estimate that the average per-share benefit to Class Members from this Settlement will be \$0.54 before deduction of Court-approved fees and expenses. Some shares will be eligible to be claimed more than once. Certain shares may have traded more than once during the Class Period and more than one Class Member may file claims on those shares.

The compensable loss per share (“Recognized Loss”) of each Authorized Claimant shall be calculated according to the following formula:

- I. For shares of the common stock of National Lampoon, Inc. purchased between March 1, 2008 and December 15, 2008 and held at the time of filing a Proof of Claim form, June 13, 2012, recognized loss per share is the price paid less \$.01.
 - II. For shares of the common stock of National Lampoon, Inc. purchased between March 1, 2008 and December 15, 2008, and sold between March 1, 2008 and June 13, 2012, the recognized loss per share is the lesser of:
 - i. The price paid less \$.01
 - ii. The price paid less the price received.
 - III. If you purchased National Lampoon common shares between March 1, 2008 and December 15, 2008, and also purchased National Lampoon shares prior to March 1, 2008, then for those shares of common stock of National Lampoon purchased prior to March 1, 2008, and held until after March 1, 2008, the recognized loss per share is the lesser of:
 - i. The price paid less \$.01
 - ii. The price paid less the price received, if sold on or before June 13, 2012.
- c. Are there any further limitations on the amount I may receive?**
- i) To the extent there are sufficient funds in the Net Settlement Fund, each Class Member with a Recognized Loss that satisfies the requirements approved by the Court (“Authorized Claimant”) will receive an amount equal to the Authorized Claimant’s Recognized Loss described above. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Loss of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant’s Recognized Loss bears to the total of the Recognized Losses of all Authorized Claimants.
 - ii) For Class members who conducted multiple transactions in National Lampoon Stock during the Class Period, the earliest subsequent sale shall be matched first against those shares in the Claimant’s opening position on the first day of the Class Period, and then matched chronologically thereafter against each purchase made during the Class Period.
 - iii) Transactions during the Class Period resulting in a gain shall be netted against the Class Members transactions resulting in a loss to arrive at the Recognized Loss.
 - iv) Any Class members whose collective transactions in National Lampoon Stock during the Class Period resulted in a net gain shall not be entitled to share in the Net Settlement Fund.
 - v) The purchases and sales prices exclude any brokerage commissions, transfer taxes or other fees.
 - vi) The covering purchase of a short sale is not an eligible purchase. Gifts and transfers are not eligible purchases.
 - vii) Persons that purchased National Lampoon common stock during the Class Period may also receive compensation from the Settlement according to this Plan of Allocation for their purchases of National Lampoon shares prior to March 1, 2008, if (and only if) those pre-Class Period shares are held until after March 1, 2008. The pre-Class Period purchases are included in the Settlement and Plan of Allocation because the Settlement provides a release of all Claims to Defendants arising from all Class Members’ purchases of National Lampoon at any time.

8. How can I get a payment?

To qualify for a payment, you must send in a form entitled “Proof of Claim and Release” form. This claim form is attached to this Notice. You may also obtain a claim form on the Internet at www.strategicclaims.net. Read the instructions carefully, fill out the form, sign it in the location indicated, and mail the claim form together with all documentation requested in the form, postmarked no later than June 13, 2012, to:

National Lampoon Securities Litigation
Claims Administrator
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson Street, Suite 3
Media, PA 19063
Tel: (866) 274-4004
www.strategicclaims.net

The Claims Administrator will process your claim and determine whether you are an “Authorized Claimant.” If you have any questions you can call the Claims Administrator at (866) 274-4004.

9. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you will remain in the Class. That means that if the Settlement is approved, you and all Class Members will release (agreeing never to sue, continue to sue, or be part of any other lawsuit) all claims against Defendants, any of their current, former, or future parents, subsidiaries, affiliates, partners, joint venturers, officers, directors, principals, shareholders, members, agents (acting in their capacity as agents), employees, attorneys, trustees, insurers, reinsurers, advisors, accountants, associates, and/or any other individual or entity in which any Defendant has or had a controlling interest or which is or was related to or affiliated with any of the Defendants, and the current, former, and future legal representatives, heirs, successors in interest, or assigns of the Defendants (“Released Parties”) in connection with your acquisition of National Lampoon Stock during the Class Period, except that you do not release the Released Parties from any claim or action to enforce the Settlement. It also means that all of the Court’s orders will apply to you and legally bind you. If you sign the claim form, you are agreeing to a “Release of Claims,” which will bar you from ever filing a lawsuit against any Released Party to recover losses from the acquisition or sale of National Lampoon Stock during the Class Period, except to enforce the Settlement. That means you will accept a share in the Net Settlement Fund as sole compensation for any losses you have suffered in the acquisition and sale of National Lampoon Stock during the Class Period.

10. How do I get out of the Settlement?

If you do not want to receive a payment from this Settlement, and you want to keep any right you may have to sue or continue to sue Defendants on your own based on the legal claims raised in this Class Action, then you must take steps to get out of the Settlement. This is called excluding yourself from — or “opting out” of — the Settlement. To exclude yourself from the Settlement, you must mail a letter stating you want to be excluded as a Class Member from Ansell v. Laikin, et al., No. CV 10-09292 PA (AGRx). Be sure to include your name, address, telephone number and your signature, along with an accurate list of all of your purchases and sales of National Lampoon Stock, including the number of shares, price per share, and date purchased or sold. You must mail your exclusion request, postmarked no later than June 13, 2012, to:

National Lampoon Securities Litigation
Claims Administrator
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson Street, Suite 3
Media, PA 19063

You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded, you will not receive a settlement payment, and you cannot object to the Settlement. If you ask to be excluded, you will not be legally bound by anything that happens in this Class Action.

11. If I do not exclude myself, can I sue Defendants for the same thing later?

No. Unless you exclude yourself, you give up any right to sue Defendants for the claims that this Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately, since you may have to exclude yourself from this Class to continue your own lawsuit.

12. Do I have a lawyer in this case?

The Court appointed The Rosen Law Firm, P.A. to represent you and the other Class Members. These lawyers are called Lead Plaintiffs’ Counsel or Class Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense.

13. How will the lawyers be paid?

Class Counsel have expended considerable time litigating this action on a contingent fee basis, and have paid for the expenses of the litigation themselves and have not been paid attorneys’ fees in advance of this Settlement. Class Counsel have done so with the expectation that if they are successful in recovering money for the Class, they will receive attorneys’ fees and be reimbursed for their litigation expenses from the Settlement Fund, as is customary in this type of litigation. Class Counsel will not receive attorneys’ fees or be reimbursed for their litigation expenses except from the Settlement Fund. Therefore, Class Counsel will file a motion asking the Court at the Settlement Hearing to make an award of attorneys’ fees in an amount not to exceed one-third of the Settlement amount, for reimbursement of reasonable litigation expenses not to exceed \$50,000, and an award to the Lead Plaintiffs in an amount not to exceed \$1,500. The Court may award less than these amounts. Any amounts awarded by the Court will come out of the Settlement Fund.

14. How do I tell the Court that I do not like the Settlement?

You can tell the Court you do not agree with the Settlement, any part of the Settlement, or Class Counsel's motion for attorneys' fees, and that you think the Court should not approve the Settlement, by mailing a letter stating that you object to the Settlement in the matter of Ansell v. Laikin, et al., No. CV 10-09292 PA (AGRx). Be sure to include your name, address, telephone number, your signature, a list of your purchases and sales of National Lampoon Stock, including the number of shares, price per share, and date of purchase or sale, in order to show your membership in the Class, and all of the reasons you object to the Settlement. Be sure to mail the objections to the three different places listed below, so that it is filed with the court and served on the attorneys for the parties by May 29, 2012 and the Court will consider your views:

Clerk of the Court	Laurence M. Rosen	Addison Adams
United States District Court	The Rosen Law Firm, P.A.	Richardson & Patel LLP
Central District of California	355 South Grand Avenue, Suite 2450	10900 Wilshire Boulevard, Suite 500
Western Division	Los Angeles, CA 90071	Los Angeles, CA 90024
312 N. Spring Street	<i>Attorneys for Plaintiffs and the Class</i>	<i>Attorneys for National Lampoon, Inc.</i>
Los Angeles, CA 90012		

If you desire to present evidence at the Settlement Hearing you must include in your written objection the identity of any witness you may call to testify and exhibits you intend to introduce into evidence.

15. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court you do not like something about the Settlement. You can object only if you stay in the Class. Requesting exclusion is telling the Court you do not want to be part of the Class and Settlement. If you exclude yourself, you cannot object to the Settlement because it no longer concerns you. If you stay in the Class and object, but your objection is overruled, you will not be allowed a second opportunity to exclude yourself.

16. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Settlement Hearing on June 18, 2012, at 1:30 p.m., at the United States District Court for the Central District of California, Western Division, Spring Street Courthouse, Courtroom 15, 312 N. Spring Street, Los Angeles, CA 90012.

At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate and whether to approve the Settlement. If there are objections, the Court will consider them, and the Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay Class Counsel for attorneys' fees and expenses.

17. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Court may have. However, you are welcome to attend at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mail your written objection on time, the Court will consider it.

18. What happens if I do nothing at all?

If you do nothing, you will not receive a payment from the Settlement. However, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants about the claims made in this case ever again.

DATED: MARCH 12, 2012.

BY ORDER OF THE UNITED STATES
DISTRICT COURT FOR THE CENTRAL
DISTRICT OF CALIFORNIA, WESTERN DIVISION