

Halo Technology Holdings, Inc.  
Form DEF 14A  
October 30, 2006

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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**Schedule 14A**  
**(Rule 14a-101)**  
**INFORMATION REQUIRED IN PROXY STATEMENT**  
**SCHEDULE 14A INFORMATION**  
**Proxy Statement Pursuant to Section 14(a)**  
**of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

**HALO TECHNOLOGY HOLDINGS, INC.**  
**(Name of Registrant As Specified In Its Charter)**

Payment of Filing Fee (Check the Appropriate Box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1)- Title of each class of securities to which transaction applies:

(2)- Aggregate number of securities to which the transaction applies:

(3)- Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4)- Proposed maximum aggregate value of transaction:

(5)- Total fee paid:

Fee paid previously with preliminary materials

check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1)- Amount previously paid:

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**HALO TECHNOLOGY HOLDINGS, INC.  
200 Railroad Avenue  
Greenwich, CT 06830**

To Our Stockholders:

You are cordially invited to attend the annual meeting of stockholders of Halo Technology Holdings, Inc., a Nevada corporation ( Halo or the Company ) to be held on Wednesday, December 6, 2006, at 10:30 a.m., local time, at the Hyatt Regency Greenwich, 1800 East Putnam Avenue, Old Greenwich, CT 06870. At the annual meeting, you will be asked to consider and vote upon the following proposals:

- (1) To elect five directors to hold office until the next annual meeting of stockholders (current nominations are for Rodney A. Bienvenu, Jr., David M. Howitt, David E. Oliver, David Skriloff, and Gordon O. Rapkin);
- (2) To ratify the appointment of Mahoney Cohen & Company, CPA, P.C. as auditors for the Company for the fiscal year ending June 30, 2007;
- (3) To approve the Halo Technology Holdings 2006 Equity Incentive Plan; and
- (4) To consider and act upon such other business and matters or proposals as may properly come before the meeting or any adjournment of the meeting.

The Board of Directors has specified the close of business on October 30, 2006 as the record date for the purposes of determining the stockholders who are entitled to receive notice of and vote at the annual meeting.

Whether or not you plan to attend the annual meeting, please take the time to vote on the proposals submitted by completing and mailing the enclosed proxy to us. Please sign, date and mail your proxy indicating how you wish to vote.

Sincerely,

/s/ Rodney A. Bienvenu, Jr.  
Rodney A. Bienvenu, Jr.  
Chairman of the Board and  
Chief Executive Officer

This proxy statement is dated October 30, 2006 and is first being mailed on or about November 7, 2006 to stockholders of record as of October 30, 2006.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE TRANSACTIONS DISCUSSED HEREIN NOR PASSED UPON THE FAIRNESS OR MERITS OF THE PROPOSALS OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS PROXY STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD DECEMBER 6, 2006**

We will hold the annual meeting of stockholders of Halo Technology Holdings, Inc. on Wednesday, December 6, 2006, at 10:30 a.m., local time at the Hyatt Regency Greenwich, 1800 East Putnam Avenue, Old Greenwich, CT 06870, for the following purposes:

- (1) To elect five directors to hold office until the next annual meeting of stockholders (current nominations are for Rodney A. Bienvenu, Jr., David M. Howitt, David E. Oliver, David Skriloff, and Gordon O. Rapkin);
- (2) To ratify the appointment of Mahoney Cohen & Company, CPA, P.C. as auditors for the Company for the fiscal year ending June 30, 2007;
- (3) To approve the Halo Technology Holdings 2006 Equity Incentive Plan; and
- (4) To consider and act upon such other business and matters or proposals as may properly come before the meeting or any adjournment of the meeting.

The Board of Directors has specified the close of business on October 30, 2006 as the record date for the purposes of determining the stockholders who are entitled to receive notice of and vote at the annual meeting. A list of the stockholders entitled to vote at the annual meeting will be available for examination by any stockholder at the annual meeting. For 10 days prior to the annual meeting, the stockholder list will also be available for inspection by stockholders at our corporate offices at 200 Railroad Avenue, Greenwich, CT 06830, during ordinary business hours.

The Company's Board of Directors have unanimously determined that the proposals are fair to, and in the best interests of, the Company stockholders and unanimously recommend that you vote FOR the proposals.

Please read the proxy statement and accompanying materials concerning the Company carefully. The information contained in this letter is only a summary of the actions to be voted upon at the annual meeting and is not meant to be complete and exhaustive.

BY ORDER OF THE BOARD OF DIRECTORS,

/s/ Rodney A. Bienvenu, Jr.  
Rodney A. Bienvenu, Jr.  
Chairman of the Board and  
Chief Executive Officer

October 30, 2006

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**ANNUAL MEETING OF STOCKHOLDERS  
DECEMBER 6, 2006**

We are providing this proxy statement in connection with the solicitation by the Board of Directors of Halo Technology Holdings, Inc., a Nevada corporation (the Company or Halo ) of proxies for use at the annual meeting of stockholders of the Company to be held, pursuant to the accompanying notice, on December 6, 2006, at 10:30 a.m., at the Hyatt Regency Greenwich, 1800 East Putnam Avenue, Old Greenwich, CT 06870, and at any adjournment thereof.

The proxy statement, proxy card and accompanying materials will be mailed starting November 7, 2006. The Company's annual report on Form 10-KSB/A for the fiscal year ended June 30, 2006 accompanies this proxy statement.

**PROPOSAL ONE ELECTION OF DIRECTORS**

Under the Company's Articles of Incorporation, the Board of Directors shall consist of not less than one nor more than thirteen directors. Our stockholders elect the members of the Board of Directors annually. Current nominations are for Rodney A. Bienvenu, Jr., David M. Howitt and Gordon O. Rapkin, each a current director, as well as David E. Oliver and David Skriloff, who are not current directors. Mr. John A. Boehmer, the fourth current director, will not be standing for re-election to the board of directors. The nominees have consented to their nomination to the Board of Directors and have advised the Company that they will serve if elected. If any of the nominees should become unavailable for election, the persons named as proxies have discretionary authority either to vote for a substitute or to fix the number of directors at less than five. The Board of Directors has no reason to believe that any of the nominees will be unwilling or unable to serve if elected. Unless authority to vote for any director is withheld in the proxy, if you return the enclosed proxy, your shares will be cast in favor of election of the nominees listed herein.

**The Board of Directors unanimously recommends a vote FOR the election of the nominees named below and your proxy will be voted for the election of the nominees named below unless you specify otherwise.**

**Nominees for Director**

*Rodney A. Bienvenu, Jr.*, 40, has been Chief Executive Officer of the Company, a Director of the Company and Chairman of the Company's Board of Directors since August 4, 2004. From September 2003 through the present, Mr. Bienvenu has been a founder and Managing Partner of ISIS Capital Management, LLC ( ISIS ), an investment firm specializing in active investment strategies and strategic transactions in information technology and other sectors. Prior to ISIS, Mr. Bienvenu founded Strategic Software Holdings, LLC, a successful investment vehicle that initiated a takeover attempt of Mercator Software, Inc., and invested in other public and private enterprise software companies. Mr. Bienvenu acted as Chief Executive Officer of Strategic Software Holdings, LLC, from August 2002 through September 2003. Prior to Strategic Software Holdings, LLC, Mr. Bienvenu served as President of Software at divine, Inc., a publicly traded software company, from May 2001 through July 2002. During his tenure at divine, Mr. Bienvenu led the planning, acquisition and consolidation of over thirty companies, including five public companies. Prior to divine, Mr. Bienvenu served as CEO and President of SageMaker, Inc., a provider of digital asset management solutions for Global 2000 companies that he founded in 1992. Under his guidance, SageMaker raised more than \$33 million in venture capital funding and acquired several technology companies in the U.S. and Europe. SageMaker was sold to divine, Inc. in early 2001. Mr. Bienvenu's previous industry experience includes the founding of a successful electronic publishing company and sale to a major publisher in 1991. Mr. Bienvenu has a seventy percent interest in ISIS, and ISIS has entered into transactions with the Company as described below under the heading Certain Relationships and Related Transactions .

*Mr. David M. Howitt*, 38, has been a director since March 30, 2005. Mr. Howitt is the President and CEO of The Meriwether Group, Inc., a boutique brand consulting and marketing firm which he founded in May 2004. From May 2001 until April 2004, Mr. Howitt served as director of licensing and business development at adidas America, Inc. Mr. Howitt also worked for several years as corporate counsel with adidas. Mr. Howitt holds a B.A. from Denison University, and a J.D. from the Lewis & Clark Northwestern School of Law. Mr. Howitt has a fifty percent interest in

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ISIS Acquisition Partners II, LLC, ( IAP II ) an entity which has entered into transactions with the Company as described below under the heading Certain Relationships and Related Transactions .

*David E. Oliver, 37*, is a Greenwich, CT based private investor and advisor with investments in the technology, biotechnology and entertainment industry sectors. From August 2005 to October 2006 he was a Portfolio Manager with client and investment management responsibility for Silver Point Capital, L.P. in Greenwich, CT. Prior to that time, Mr. Oliver was a Vice President in the Investment Banking Division of JPMorgan in New York City from January 2000 to August 2005. While at JPMorgan he was responsible for originating, structuring, syndicating and restructuring corporate debt transactions primarily in the media, communication and technology industry sectors. Prior to that time, Mr. Oliver was a Vice President and Director at TD Securities in New York City from July 1994 to January 2000. While at TD Securities he worked in the Corporate Finance and Leveraged Finance business units serving clients in the media, communication and technology industry sectors. Mr. Oliver earned a B.S. of Business Administration and an M.B.A. from the Clarion University of Pennsylvania.

*David Skriloff, 41*, is a managing director at Vision Capital Advisors, LLC, a position he has held since January 2006. Prior to Vision, Mr. Skriloff was a managing director at Duncan Capital, from January 2004 to December 2005. Before Duncan, Mr. Skriloff was EVP of Business Development for Millivision, Inc. from September 2001 to December 2003. Mr. Skriloff earned a BS in Electrical Engineering from Carnegie-Mellon University in 1987 and an MBA from NYU in 1992. On October 12, 2006, the Company entered into a Subscription Agreement, a letter agreement and related agreements with Vision Opportunity Master Fund, Ltd. ( Vision ). Pursuant to these agreements, Vision invested in a convertible subordinated debt offering of the Company, and received certain Notes and Warrants convertible or exercisable for the Company s Common Stock. Furthermore, the Company agreed that, for as long as Vision is a holder of at least 25% of the Notes or Warrants purchased under the Subscription Agreement (or the shares of Common Stock issuable upon the conversion or exercise thereof), Vision will have the right to nominate one director to the Company s board of directors. The Company agreed to recommend that its shareholders approve such nomination at any stockholders meeting for the election of directors or in connection with any written consent of stockholders of the election of directors. In connection with these agreements, Vision has nominated Mr. Skriloff to be elected as a director of the Company. Accordingly, the Company has nominated Mr. Skriloff to be elected by the stockholders at the annual meeting of stockholders of the Company to be held on December 6, 2006.

*Gordon O. Rapkin, 51*, has been a director since April 18, 2006. Mr. Rapkin currently serves as president and CEO of Protegrity Corporation, Inc., an international data security software company, where he has been responsible for the establishing a comprehensive sales and marketing strategy to address large enterprise customers. He has held this position since July 2004. From 2001 to 2004, Mr. Rapkin served as executive vice president and chief marketing officer of Tracentive, Inc., a global provider of technology and services for administering stock options and stock purchase plans, where he was responsible for international operations, global marketing and sales, and third party relationships. From 2000 to 2001, he served as executive vice president of business-to -business markets, for Kana Software, Inc., where he was responsible for spearheading the company s strategic entry into the business-to -business markets, by overseeing product direction and strategic partnerships. From 1996 to 1999 Gordon was president and CEO of Decisionism, where he redirected the company into the business intelligence market, by expanding the executive management team, overseeing the launch of new products, and building the national sales force. He has also spent more than eight years at Hyperion Systems (now Hyperion Solutions, Inc.), the global leader in business performance management software, where he was instrumental in guiding Hyperion through successive years of extraordinary growth including a highly successful initial public offering. He holds a degree in biochemistry from Syracuse University, as well as an MBA and a law degree from Emory University.

**Other Executive Officers of the Company**

*Mark Finkel*, 51, has been Halo's Chief Financial Officer since December 28, 2005. On April 18, 2006, Mr. Finkel was appointed to the additional position of Company president. Mr. Finkel has over 20 years of senior financial and operational experience at both public and private companies. Prior to joining Halo, Mr. Finkel, served as chief executive officer of ISD Corporation from 2003 through February 2004, after being part of a group that purchased ISD from its founders. ISD is a leader in the payment technology industry. From 2001 through 2002, Mr. Finkel served as chief executive officer of RightAnswers, Inc., which provides enterprise customers with Self

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Service solutions for IT support. Mr. Finkel led a group of investors in acquiring Halo in 2001, which was then a division of a public company. After serving as CEO, Mr. Finkel continued to serve as non-executive chairman of ISD Corporation and RightAnswers, Inc. Since 1996, Mr. Finkel has also served as president of Emerging Growth Associates, a consulting firm for early stage, high growth companies, where he has provided counsel on strategic planning, business model development, market positioning, and operational execution. Mr. Finkel also serves as a venture partner with the Prism Opportunity Fund, a \$50 million venture fund focused on early stage companies. Previously, Mr. Finkel has taken three companies public as CFO: Consilium, Inc, Logic Works, Inc. and ServiceWare Technologies, Inc. He also served as CFO of BackWeb Technologies, Inc. and Neuron Data, Inc. Mr. Finkel holds a J.D. from the University of California, Davis, an M.B.A. from New York University, and a B.A. from Oberlin College.

*Ernest C. Mysogland*, 41, has been Chief Legal Officer, Executive Vice President and Secretary of the Company since August 4, 2004. Mr. Mysogland has more than 15 years experience in mergers and acquisitions, equity and debt financing and investment. From September, 2003 through the present, Mr. Mysogland has been a founder and Managing Partner of ISIS Capital Management, LLC ( ISIS ), an investment firm specializing in active investment strategies and strategic transactions in information technology and other sectors. Prior to ISIS, Mr. Mysogland managed the legal and administrative matters of Strategic Software Holdings, LLC from May, 2003 through September, 2003. Prior to Strategic Software Holdings, LLC, from September, 1990 through April, 2003, Mr. Mysogland engaged in private legal practice representing investors, issuers, acquirers and targets in hundreds of public and private mergers and acquisitions, equity and debt financings, and other strategic transactions ranging in size up to \$3.5 billion. Mr. Mysogland's clients have included numerous software and technology companies, private equity funds and institutional investors. Mr. Mysogland graduated from the University of Notre Dame and the Columbia University School of Law.

*Brian J. Sisko*, 45, has been Chief Operating Officer of the Company since March 2005. Mr. Sisko has 20 years of experience in the areas of corporate finance, mergers and acquisitions and strategic development. From February 2002 to March 2005, Mr. Sisko ran B/T Business and Technology, which served as an advisor and strategic management consultant to a variety of public and private companies, including the Company. From April 2000 to January 2002, he was Managing Director of Katalyst, LLC, a venture capital and operational advisory firm where he was responsible for business development and client/portfolio company engagement management in that firm's Philadelphia and Boston offices. Mr. Sisko also previously served as Senior Vice President Corporate Development and General Counsel of National Media Corporation, a large public company with international operations. In addition, Mr. Sisko was a partner in the Corporate Finance/Mergers and Acquisitions practice group of the Philadelphia-based law firm, Klehr Harrison, Harvey Branzburg & Ellers. Mr. Sisko also teaches as an adjunct professor in the MBA program of the Fox School of Business at Temple University. He earned his Juris Doctorate from The Law School of the University of Pennsylvania and his B.S. from Bucknell University.

*Jeff Bailey*, 53, Chief Executive Officer of Gupta Technology Holdings LLC ( Gupta ), a significant operating subsidiary of the Company, was interim Chief Financial Officer and Principal Financial Officer for the Company from March 2005, through December, 2005. Since January 2002, Mr. Bailey served as Gupta's Chief Executive Officer, responsible for guiding Gupta's strategic direction as well as day-to-day operations. Mr. Bailey joined Gupta in October 2001 as its Chief Financial Officer. From August 2001 through October 2001, Mr. Bailey was also the CEO of David Corporation, a company which the Company has agreed to purchase under an Acquisition Agreement dated September 12, 2005. Prior to that experience, Mr. Bailey served as vice president of finance and CFO at Vivant Corporation until August 2001. He has also held positions as vice president of finance and CFO at Uniteq Application Systems Inc. and Phoenix Network Inc. He earned his B.S. in Business Administration from the University of California, Berkeley, and is a certified public accountant.

*Takeshi Taniguchi*, 35, has been interim Principal Accounting Officer for the Company since March 2005. Since July 2004 through the present, Mr. Taniguchi has served as Corporate Controller of Gupta, responsible for the overall financial management of Gupta. Mr. Taniguchi has worked at Gupta or its predecessors since 2000, serving as a senior financial analyst prior to his current position. He earned his Master of Business Administration from the University of Nevada, Reno, and is a Certified Management Accountant.

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No director, executive officer, promoter or control person of the Company has, within the last five years: (i) had a bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (ii) been convicted in a criminal proceeding or is currently subject to a pending criminal proceeding (excluding traffic violations or similar misdemeanors); (iii) been subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; (iv) been found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission (the Commission or SEC) or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated. There are no family relationships among any directors and executive officers of the Company.

## **Audit Committee and Financial Expert**

We do not have a separately-designated standing audit committee but our full Board of Directors performs some of the same functions of an audit committee, including selecting the firm of independent certified public accountants to audit the annual financial statements, reviewing the independent auditors independence, the financial statements and the audit report, and reviewing the Company's system of internal controls over financial reporting. The Company does not currently have a written audit committee charter or similar document.

## **Nominating Committee**

We do not have a nominating committee or a nominating committee charter. The full Board of Directors performs some of the functions associated with a nominating committee, including consideration of director nominees. The Company does not have a nominating committee because it is still in the development stage and has limited resources and a limited number of directors. The Board of Directors concluded that the expense of a separate nominating committee was not warranted at this time. At present, all of the members of the Board of Directors participate in discussions regarding nominees for director. Since at the present time there are only four directors and all directors will work closely with any new directors, the Board of Directors has determined that it is appropriate for all members of the Board of Directors to participate in the selection of directors. All of the directors approved the selection of the nominees for director named in the proxy statement. Three nominees are current directors of the Company, and two nominees are not current directors of the Company.

Generally, nominees for director have been identified and suggested by the members of the Board of Directors or management of the Company. The Board of Directors has not retained any executive search firms or other third parties to identify or evaluate director candidates in the past and does not intend to in the near future. In selecting a nominee for director, the Board of Directors considers the following criteria:

whether the nominee has the personal attributes for successful service on the Board of Directors, such as demonstrated character and integrity; experience at a strategy/policy setting level; managerial experience dealing with complex problems; an ability to work effectively with others; and sufficient time to devote to the affairs of the Company;

whether the nominee has been the chief executive officer or senior executive of a public company or a leader of a similar organization, including industry groups, universities or governmental organizations;

whether the nominee, by virtue of particular experience, technical expertise or specialized skill or contracts relevant to the Company's current or future business, will add specific value as a Board member; and

whether there are any other factors related to the ability and willingness of a new nominee to serve, or an existing Board member to continue his service.

The Board of Directors has not established any specific minimum qualifications that a candidate for director must meet in order to be recommended for Board membership. Rather the Board of Directors will evaluate the mix of skills and experience that the candidate offers, consider how a given candidate meets the Board's current expectations with respect to each such criterion and make a determination regarding whether a candidate should be recommended to the stockholders for election as a director. During the fiscal year ended June 30, 2006, the

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Company received no recommendation for directors from any of its non-officer/director stockholders. Subsequent to the end of the fiscal year, the Company received a recommendation from Vision to nominate David Skriloff to be elected to the board of directors, pursuant to Vision's rights under that certain letter agreement between Vision and the Company dated October 12, 2006, a copy of which was included as Exhibit 10.134 to the Company's Current Report on Form 8-K filed with the SEC on October 13, 2006. The Board of Directors evaluated Mr. Skriloff, as it did the other candidates, and recommends that the stockholders elect Mr. Skriloff along with the other director nominees at the annual meeting of stockholders.

This Company will consider for inclusion in its nominations of new Board of Director nominees proposed by stockholders who have held at least 1% of the outstanding voting securities of the Company for at least one year. Board candidates referred by such stockholders will be considered on the same basis as Board candidates referred from other sources. Any stockholder who wishes to recommend for the Company's consideration a prospective nominee to serve on the Board of Directors may do so by giving the candidate's name and qualifications in writing to the Company's Secretary at the following address: Halo Technology Holdings, 200 Railroad Avenue, Greenwich, CT 06830, Attention: Ernest C. Mysogland.

## **Board of Directors Meetings**

The Board of Directors of the Company met fifteen times during the fiscal year ended June 30, 2006. All directors attended at least 75% of the meetings held while they were a director. All members of the Board of Directors and nominees (other than Mr. Boehmer) are expected to be present, either in person or by telephone, at the annual meeting on December 6, 2006. All members of the Board of Directors were present at the annual meeting of shareholders for the fiscal year ended June 30, 2005.

## **Compensation Committee and Compensation Report**

The Board of Directors appointed a Compensation Committee on September 13, 2005. The Compensation Committee currently consists of Mr. Boehmer and Mr. Rapkin, both of whom meet the requirements of non-employee directors under the rules under section 16(b) of the Securities Exchange Act of 1934, as amended, and the requirements of outside directors under section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). The Compensation Committee does not yet have a written charter. If the Halo Technology Holdings 2006 Equity Incentive Plan is approved, the Compensation Committee will administer such plan. The Compensation Committee met five times during the fiscal year ended June 30, 2006.

The Compensation Committee reviewed all forms of compensation provided to our executive officers, directors, consultants and employees including stock compensation. The Compensation Committee had no existing policy with respect to the specific relationship of corporate performance to executive compensation. The Compensation Committee has set executive compensation at what the Compensation Committee considered to be the minimal levels necessary to retain and compensate the officers of the Company for their activities on the Company's behalf.

## **Code of Ethics**

A code of ethics is a set of written standards designed to deter wrongdoing and to promote:

- (1) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (2) Full, fair, accurate, timely and understandable disclosure in reports and documents that are filed with, or submitted to, the Commission and in other public communications made by an issuer;

- (3) Compliance with applicable governmental laws, rules and regulations;
- (4) The prompt internal reporting of violations of the code to an appropriate person or persons identified in the code; and
- (5) Accountability for adherence to the code.



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The Company demands ethical conduct from its officers and employees. In the past, due to the Company's limited resources and its small number of employees, the Company had determined that it was not necessary to devote the resources necessary to develop a written Code of Ethics in order to require ethical conduct. As we have grown significantly through acquisitions during the past twelve months, the Company has determined that a Code of Ethics should be adopted. We are in the process of preparing a Code of Ethics to help ensure all employees of the Company and its subsidiaries adhere to the Company's standards of ethical conduct.

**Directors and Executive Officers of the Company**

The following Summary Compensation Table sets forth information concerning the annual and long-term compensation earned by our Chief Executive Officer and each of the four other most highly compensated executive officers (collectively the named executive officers) at the end of the fiscal year ended June 30, 2006. This information includes the dollar value of base salaries and bonus awards and the number of stock options granted, and certain other compensation, if any.

**Summary Compensation Table**

Executive Officer and Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation (US\$)
		Salary (US\$)	Bonus (US\$)	Compensation (US\$)	Awards		LTIP Payoffs (US\$)	
					Stock Awards (US\$)	Restricted Securities Options/SAR (#)		
Rodney A. Bienvenu, Jr.(1) Chairman & CEO	2006	300,000	419,000	35,000	0	1,958,000	0	0
	2005	275,000	275,000	0	0	301,372	0	0
	2004	0	0	0	0	0	0	0
Ernest C. Mysogland(2) Executive Vice President & Chief Legal Officer	2006	175,000	101,359	15,000	0	200,000	0	0
	2005	160,417	65,625	0	0	100,456	0	0
	2004	0	0	0	0	0	0	0
Brian J. Sisko(3) Chief Operating Officer	2006	200,000	45,188	0	0	600,000	0	0
	2005	67,436	0	94,000	0	0	0	0
	2004	0	0	0	0	0	0	0
Jeff Bailey(4) CEO, Gupta	2006	225,000	190,826	0	0	250,000	0	0
	2005	93,656	202,322	0	0	0	0	0
	2004	0	0	0	0	0	0	0
Mark Finkel(5) President and CFO	2006	106,667	100,000	0	0	600,000	0	0
	2005	0	0	0	0	0	0	0
	2004	0	0	0	0	0	0	0

(1) *Rodney A. Bienvenu, Jr.* Mr. Bienvenu was appointed Chief Executive Officer and Chairman of the Company on August 4, 2004. Mr. Bienvenu did not receive any compensation for fiscal 2004. Bonus amount includes amounts paid in, or accrued for, fiscal 2006 and fiscal 2005. Other Annual Compensation amount includes Mr. Bienvenu's portion of a \$50,000 transaction fee paid to ISIS.

- (2) *Ernest C. Mysogland*. Mr. Mysogland was appointed Executive Vice President and Chief Legal Officer of the Company on August 4, 2004. Mr. Mysogland did not receive any compensation for fiscal 2004. Bonus amount includes amounts paid in, or accrued for, fiscal 2006 and fiscal 2005. Other Annual Compensation amount includes Mr. Mysogland's portion of a \$50,000 transaction fee paid to ISIS.
- (3) *Brian J. Sisko*. Mr. Sisko was appointed Chief Operating Officer of the Company in March 2005. Mr. Sisko did not receive any compensation for fiscal 2004. Bonus amount includes amounts paid in, or accrued for, fiscal 2006. Amount under Other Annual Compensation includes consulting and transaction fees paid to or earned by Mr. Sisko during the fiscal year ended June 30, 2005 for his work as a consultant to the Company prior to March 2005 when he became the Company's Chief Operating Officer.
- (4) *Jeff Bailey*. Mr. Bailey did not receive any compensation for fiscal 2004. Bonus amounts include bonuses paid to Mr. Bailey in the fiscal year ended June 30, 2006, and bonuses earned by Mr. Bailey due to the change in control of Gupta. For fiscal 2005, Bonus amounts include bonuses paid to Mr. Bailey in the fiscal year ended

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June 30, 2005, bonuses earned by Mr. Bailey due to the change in control of Gupta, and a performance bonus paid to Mr. Bailey in fiscal 2005, which related to the period prior to the Company's acquisition of Gupta on January 31, 2005.

- (5) *Mark Finkel*. Mr. Finkel was appointed Chief Financial Officer in December, 2005. Mr. Finkel did not receive any compensation for fiscal 2005, or for fiscal 2004. Bonus amount includes amounts paid in, or accrued for, fiscal 2006.

**Options Granted in Last Fiscal Year.**

The following table contains certain information regarding stock options we have granted to our named executive officers during the fiscal year ended June 30, 2006.

Name	Number of	Percent of	Exercise	Expiration
	Securities	Total		
	Underlying	Granted to	or	Date
	Options	Employees	Base Price	
	Granted	in	(\$/Share)	
		Fiscal Year		
Rodney A. Bienvenu, Jr.	1,800,000	36%	1.19	10/21/2010
Rodney A. Bienvenu, Jr.	158,000	3%	1.08	9/13/2015
Ernest C. Mysogland	200,000	4%	1.19	10/21/2010
Brian J. Sisko	600,000	12%	1.08	10/21/2015
Jeff Bailey	250,000	5%	1.08	10/21/2015
Mark Finkel	600,000	12%	1.22	1/04/2016

**Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values.**

The following table contains certain information regarding stock options exercised during the past twelve months and stock options held as of June 30, 2006, by each of our named executive officers. The stock options listed below were granted without tandem stock appreciation rights. We have no freestanding stock appreciation rights outstanding.

**Option Exercise Table**

Name	Shares Acquired on Exercise (#)	Value	Number of Securities Underlying Unexercised Options at 6/30/05 (#) (\$)		Value of Unexercised In the Money Options at 6/30/06(1)	
			Realized	Exercisable	Non-Exercisable	Exercisable
Rodney A. Bienvenu, Jr.				734,252		1,525,120
Ernest C. Mysogland				75,002		225,454
Brian J. Sisko				187,500		412,500
Jeff Bailey				9,376		240,624