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Attorneys for Plaintiffs

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA  
IN AND FOR THE COUNTY OF LOS ANGELES

COLIN GILBERT, et al.

Plaintiffs,

vs.

MARK F. COHN, et al.

Defendants.

**CASE NO. BC 310 846**

**Assigned to The Honorable Anthony Mohr,  
Department 309**

CLASS ACTION

**NOTICE OF SETTLEMENT OF CLASS  
ACTION: PLAINTIFFS AND LIPP  
DEFENDANTS**

Action Filed: February 13, 2004  
Second Amended Complaint Filed:  
April 18, 2005

TO: ALL PERSONS WHO INVESTED IN FOUR STAR FINANCIAL SERVICES LLC OR 900 CAPITAL SERVICES, INC. BETWEEN 1991 AND OCTOBER 27, 2003. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION.

This Notice has been sent pursuant to an Order of the Superior Court of the State of California, County of Los Angeles, granting preliminary approval of the Stipulation of Settlement (the "Stipulation"), dated as of June 4, 2007, by and among the Settling Parties (defined below). The purpose of this Notice is to inform you of the proposed settlement of this class action litigation and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the settlement. This Notice describes the rights you may have in connection with the settlement and what steps you may take in relation to the settlement and this class action litigation.

**The Stipulation provides for a payment of \$155,000 by Defendants Robert Lipp, Georgina Asset Management, LLC, and 17th Street Partners in exchange for a release of all claims against them related to Four Star. Lead Counsel will request payment of attorney's fees from this amount, capped at 25%, and reimbursement of costs, capped at 10% of the settlement amount, plus costs associated with administration of the settlement.**

This settlement pertains only to Defendants Robert Lipp, Georgina Asset Management, LLC, and 17th Street Partners. It does not settle any Class claims with respect to any other Defendants or affect the rights of the Class with respect to any other Defendants.

This Notice is not an expression of any opinion by the Court about the merits of any of the claims or defenses asserted by any party in this action or the fairness or adequacy of the proposed settlement.

## **I. THE LITIGATION**

On February 13, 2004, Plaintiffs Colin Gilbert, as trustee for CMG Family Irrevocable Trust, Phyllis Klein, Kenneth L. Kraus and Perry Gibson, as trustees for the Kraus/Gibson Revocable Trust of 1987, Jeff Simon, and Garrison Singer filed the class action entitled *Colin Gilbert, et al. v. Mark Cohn, et al.*, No. BC310846 (the "Litigation") pending in the California Superior Court for the County of Los Angeles (the "Court"). The Plaintiffs sought to represent a class of all those who invested in Four Star Financial Services, LLC, or its predecessor, 900 Capital Services, Inc. The class action complaint was amended on May 24, 2004 to, among other things, (i) add as plaintiffs Stuart Simon, as trustee for The Stuart Simon Revocable Trust, Phyllis Klein, in her capacity as trustee for the Phyllis C. Klein Living Trust, Jeff Simon, in his capacity as trustee for the Jeffrey and Lisa Simon Family Trust, Garrison M. Singer, in his capacity as trustee for the Garrison M. Singer Living Trust, Hank's Wilshire Tow, Inc. and John R. White and (ii) to add a number of defendants.

Lead Counsel for Plaintiffs have engaged in extensive settlement discussions with the Lipp Defendants, since at least January 2005.

## **II. CLAIMS OF THE PLAINTIFFS AND BENEFITS OF SETTLEMENT**

The Plaintiffs believe that the claims asserted in the Litigation have merit. However, the Plaintiffs and Lead Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation against the Lipp Defendants – with whom the Plaintiffs are settling – through trial and appeals. The Plaintiffs and Lead counsel have also taken into account the uncertain outcome and the risk of any litigation, especially complex cases such as this one, as well as the difficulties and delays inherent in such litigation. The Plaintiffs and Lead Counsel are also aware of the difficulties of proof under the claims asserted, as well as possible defenses to them. The Plaintiffs and Lead Counsel believe that the settlement set forth in the Stipulation confers substantial benefits upon the Settlement Class (defined below). Based upon their evaluation, Plaintiffs and Lead Counsel have determined that the settlement set forth in the Stipulation is in the best interests of the Plaintiffs and the Settlement Class.

## **III. THE LIPP DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

The Lipp Defendants have denied and continue to deny each and all of the claims and contentions alleged by Plaintiffs in the Litigation. The Lipp Defendants expressly have denied and continue to deny all charges of wrongdoing against them as alleged in the Litigation. The Lipp Defendants also have denied and continue to deny, *inter alia*, the allegations that the Plaintiffs or the Settlement Class were harmed by the conduct of the Lipp Defendants alleged in the Litigation.

Nonetheless, the Lipp Defendants have concluded that further conduct of the Litigation could be protracted and expensive, and that it is desirable that the claims against them in the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation, in order to limit further expense, inconvenience, and distraction to the Lipp Defendants and to their business. The Lipp Defendants have also taken into account the uncertainty and risks inherent in any litigation,

especially complex cases such as this one. The Lipp Defendants, therefore, have determined that it is desirable and beneficial to them that the Litigation be settled in the manner and upon the terms and conditions set forth in the Stipulation.

#### **IV. NOTICE OF HEARING ON PROPOSED SETTLEMENT**

A Settlement Hearing will be held on January 29, 2008, at 10:30 a.m., before the Honorable Anthony J. Mohr, Superior Court of California, County of Los Angeles, Central Civil West Courthouse, Department 309, 600 South Commonwealth Avenue, Los Angeles, California, 90005 (the "Settlement Hearing"). The purpose of the Settlement Hearing will be to determine: (a) whether the settlement set forth in the Stipulation should be approved as fair, just, reasonable and adequate; and (b) whether the action should be dismissed with prejudice. The Court may adjourn or continue the Settlement Hearing by oral announcement at such hearing or at any adjournment without further notice of any kind.

#### **V. DEFINITIONS USED IN THIS NOTICE**

1. "Four Star" means Four Star Financial Services, LLC, a California limited liability company into which the Settlement Class Member invested, and its predecessor, 900 Capital Services, Inc. ("900 Capital"). For purposes of the Stipulation and all releases contained therein, Four Star and 900 Capital Services, Inc. shall include all their subsidiaries, whether wholly or partly owned.

2. "Lead Counsel" means Plaintiffs' counsel Boies, Schiller & Flexner LLP, 1999 Harrison Street, Suite 900, Oakland, California, 94612.

3. "Lipp Defendants" means Robert Lipp ("Lipp"), and for purposes of any releases shall include Joseph Seetoo; Georgina Asset Management, LLC; 17th Street Partners (TeleCruz), and their members, managers and employees.

4. "Net Loss" means that portion of the amount invested by a Settlement Class Member in Four Star, excluding any investments in the form of reinvested dividends and/or commissions, that is greater than the sum of the interest payments, return of principal, commissions, and any other payments made by Four Star to the Settlement Class Member.

5. "Plaintiffs" means Colin Gilbert, CMG Family Irrevocable Trust, Kenneth L. Kraus, Perry Gibson, the Kraus/Gibson Revocable Trust of 1987, Jeff Simon, the Jeffrey and Lisa Simon Family Trust, Stuart Simon, The Stuart Simon Revocable Trust, Garrison Singer, the Garrison M. Singer Living Trust, Hank's Wilshire Tow, Inc., and John R. White.<sup>1</sup>

6. "Privity Plaintiff" means Jeffrey Simon and Stuart Simon, named Plaintiffs who were personal clients of the Lipp Defendants, and who therefore have a more direct relationship with the Lipp Defendants than various other Plaintiffs or Members of the Settlement Class.

7. "Pro-rata Share" means the amount of a Settlement Class Member's claim as a proportion of the total dollar amount of all claims submitted.

8. "Released Claims" shall collectively mean all claims, including, but not limited to, claims

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<sup>1</sup> Phyllis Klein, for herself, on behalf of the Phyllis C. Klein Living Trust, and as owner of an IRA that invested in Four Star through Polycomp, is listed as a named Plaintiff and class representative in the complaints that have been filed in this case. However, Ms. Klein has retained independent counsel and has not acted in the capacity of a class representative since shortly after the Second Amended Complaint was filed. She was not involved in the negotiation of the present settlement or the allocation of the settlement, and she did not participate in any other decisions regarding the direction of the case since the filing of the Second Amended Complaint.

Garrison Singer, on his own behalf and on behalf of the Garrison M. Singer Living Trust, has retained independent counsel and has not acted in the capacity of a class representative since March 2006. He was not involved in the negotiation of the present settlement and did not participate in any other decisions regarding the direction of the case on behalf of the class since that time.

Plaintiffs Jeffery Simon and Stuart Simon had a more direct relationship with the Lipp Defendants than various other Four Star investors, and have entered into a separate settlement with the Lipp Defendants, as discussed below.

for violations of California Corporations Code §§ 25400 and 25401, fraud, breach of fiduciary duty, violation of California Business and Professions Code § 17200, negligent misrepresentation, or negligence, and violations of any other statutes, rules, or regulations, whether known or unknown (including Unknown Claims), that have been, could have been, or could be, asserted by any Settlement Class Member against the Lipp Defendants, whether under state or federal law, and whether arising directly, derivatively, individually, or in any other capacity, that in any way arise out of, relate to, or are connected to investment in Four Star, or any other acts, omissions, facts, matters, transactions, occurrences, conduct, statements or representations concerning the subject matter of, or any allegations or assertions in any papers filed in, the Litigation or any related lawsuit. Notwithstanding any provision of this Stipulation, Released Claims shall not bar any claims to enforce the terms of the Stipulation. Excluded from Released Claims are any claims against any Defendant other than the Lipp Defendants.

9. “Released Persons” means each and all of the Lipp Defendants and their Related Parties and the Plaintiffs and members of the Settlement Class.

10. “Settlement Class” means all Persons in the world from whom Four Star accepted money for purposes of investment, including but not limited to debt, equity, a hybrid of both, any derivatives thereof, a membership agreement, an arbitrage investment agreement, a Cash Flow Note, or any other form of investment. Excluded from the Settlement Class are the Lipp Defendants, other Defendants in the Litigation and non-defendant officers, directors and employees of Defendants, and those persons with direct claims against the Lipp Defendants arising from their investment in Four Star who have reached individual settlements with any of the Lipp Defendants. The class period includes investments made from the inception of 900 Capital to the filing of the Four Star bankruptcy petition in 2003. For purposes of this Stipulation and all releases contained herein, the Settlement Class includes class members individually and as trustees or settlors or owners or beneficiaries of any trusts or any Individual Retirement Plan (“IRA”), pension or other savings or investment account, and each such class members’ respective spouses, children, parents, business or financial entities, representatives, predecessors, successors, heirs, assigns, executors, and administrators and any of their lawyers, accountants, insurers, professional representatives, and beneficiaries, and all persons acting by, through, under, or in concert with any of them.

11. “Settlement Class Member” or “Member of the Settlement Class” means a Person who falls within the definition of the Settlement Class as set forth in ¶10.

12. “Settling Parties” means, collectively, each of the Lipp Defendants and the Plaintiffs on behalf of themselves and the Members of the Settlement Class.

13. “Settlement Payment” means the amount that the Lipp Defendants have agreed to pay, \$155,000, in consideration for the releases contained in this settlement.

14. “Unknown Claims” means any Released Claims which any Plaintiff or Settlement Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Persons which, if known by him, her, or it, might have affected his, her, or its decision not to object to this settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon entry of the Judgment, the Plaintiffs shall expressly and each of the Settlement Class Members shall be deemed to have, and by operation of the Judgment shall have, waived and relinquished, to the fullest extent permitted by law, the provisions, rights and benefits of §1542 of the California Civil Code, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his settlement with the debtor.

Plaintiffs and the Settlement Class Members, upon entry of the Judgment, shall be deemed to have, and by operation of the Judgment shall have, waived any and all provisions, rights and benefits conferred by

any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to §1542 of the California Civil Code. Plaintiffs and Settlement Class Members may hereafter discover facts in addition to or different from those which, he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Plaintiffs and each Settlement Class Member, upon entry of the Judgment, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The parties acknowledge that the foregoing waiver was bargained for and is a key element of the settlement of which this release is a part.

## **VI. THE SETTLEMENT**

In consideration for the releases contained in the Stipulation (including without limitation releases by Plaintiffs and the Settlement Class Members of the Released Claims and releases of any claims for plaintiff attorneys' fees, costs, and expenses), the dismissal of the Litigation with prejudice, and the other terms and conditions of the Stipulation, the Lipp Defendants have agreed to pay the sum of \$155,000 (the "Settlement Payment"). The Settlement Payment shall be made by the delivery of a check or the wiring of the funds to Lead Counsel.

Settlement Class Members shall be paid a Pro-rata Share of their verified claim amounts – in the form of the amount of their Net Loss – from the Settlement Payment, based on the total dollar amount of the claims submitted by Settlement Class Members, after the deduction of fees and costs.

Settlement Class Members who do not have a Net Loss shall not receive any portion of the Settlement Payment, but will receive the releases set forth in the Stipulation.

The Privity Plaintiffs have reached a separate settlement with the Lipp Defendants, and will not submit claims for their Net Loss against the Settlement Payment. Other individuals who have reached separate settlements with any of the Lipp Defendants will not be permitted to submit claims for their Net Loss against the Settlement Payment.

Lead Counsel shall apply to the Court for the payment of attorneys' fees, costs and expenses arising from or related to the Litigation brought on behalf of the class. Plaintiffs, the Settlement Class Members, and Lead Counsel agree that all of Plaintiffs' attorneys' fees, costs and expenses arising from or related to the Litigation brought on behalf of the Settlement Class shall be paid solely from the Settlement Payment. Lead Counsel will seek costs associated with litigation against the Lipp Defendants, which Lead Counsel estimates are in excess of \$260,000. Regardless of the actual costs, Lead Counsel will not seek costs in excess of 10% of the Settlement Payment. In addition to this amount, Lead Counsel will also seek to be reimbursed for the costs associated with administration of the settlement. In addition, Lead Counsel will seek fees, which will not exceed twenty-five percent (25%) of the Settlement Payment minus costs awarded. The Lipp Defendants shall not oppose Lead Counsel's application for the payment of attorneys' fees or costs. Lead Counsel will not seek to be reimbursed for any costs that have been funded by any other settlement.

The Settling Parties agree, for purposes of this settlement only, to the certification of the Settlement Class in the Litigation.

## **VII. SCHEDULE OF SETTLEMENT**

All class members shall have forty-five (45) days from the date of the mailing of the Notice to opt out of the settlement or to submit objections to the settlement to the Court (see below). The parties shall have twenty one (21) days to file briefs in opposition to any such objection. After the deadline to object or opt out has passed, the Lipp Defendants shall have twenty one (21) days to invoke their option to

withdraw from the stipulation pursuant to the terms of ¶6.3 of the Stipulation. On January 29, 2008, at 10:30 a.m., the Court will hold a fairness hearing and determine whether Final Approval of the settlement should be entered.

### **VIII. SUBMISSION OF CLAIMS**

No later than December 28, 2007, forty-five (45) days after the mailing of the Notice, any Four Star investors who believe that they have suffered a Net Loss and are therefore entitled to submit a claim shall be required to submit to the Claims Administrator:

*Four Star Financial Litigation*  
c/o Desmond, Marcello & Amster  
6060 Center Drive, Suite 825  
Los Angeles, CA, 90045

(1) the amount of their investment in Four Star, based on capital invested, not interest or commission accrued or reinvested; and (2) the amount of payments received from Four Star or Defendants, whether in the form of interest payments, return of principal, commissions, or other payments.

There is no claim form investors need to use. A letter containing this information, together with whatever supporting documentation and evidence investors have, will be sufficient. The letter must be sent to the Claims Administrator:

*Four Star Financial Litigation*  
c/o Desmond, Marcello & Amster  
6060 Center Drive, Suite 825  
Los Angeles, CA, 90045

no later than December 28, 2007, forty-five (45) days after the mailing of the Notice.

The Claims Administrator shall be responsible for validating claims using the records of Four Star. Any Four Star investor who does not submit a claim will be assumed not to have suffered a Net Loss, and will receive the benefit of the releases contained in the Stipulation of Settlement.

### **IX. EXCLUSION FROM THE SETTLEMENT**

You may request to be excluded from the Settlement Class by mailing a written request to the Claims Administrator:

*Four Star Financial Litigation*  
c/o Desmond, Marcello & Amster  
6060 Center Drive, Suite 825  
Los Angeles, CA, 90045

The exclusion request must state: (1) your name, address and telephone number; (2) the amount of your investment in Four Star, based on capital invested, not interest or commission accrued or reinvested; and (3) the amount of payments received from Four Star or Defendants, whether in the form of interest payments, return of principal, commissions, or other payments. **TO BE VALID, YOUR REQUEST FOR EXCLUSION MUST INCLUDE ALL THE FOREGOING INFORMATION AND MUST BE POSTMARKED ON OR BEFORE December 28, 2007, (forty-five (45) days after the mailing of the Notice).** Any Settlement Class Members who do not properly and timely seek exclusion from the Settlement Class shall be bound by any and all judgments or settlements entered or approved by the Court, whether favorable or unfavorable to the Settlement Class.

**X. DISMISSAL AND RELEASES**

If the proposed settlement is approved, the Court will enter a Final Judgment and Order of Dismissal with Prejudice (the “Judgment”). The Judgment will dismiss the Released Claims with prejudice as to all Released Persons and the Settlement Class Members will be barred from asserting any of the Released Claims in the future, unless the settlement is canceled or terminated pursuant to the terms of the Stipulation.

**XI. ATTORNEYS’ FEES AND EXPENSES**

If the Settlement is approved and subject to the terms and conditions stated in the Stipulation, Defendants will pay the Settlement Payment of \$155,00 to Lead Counsel following the Court’s approval of the Settlement. As discussed above, attorneys’ fees, costs, and expenses will be deducted from the Settlement Payment, subject to the approval of the Court. Settlement Class Members are not personally liable for any attorneys’ fees or expenses.

Lead Counsel have not received any payment for their services in conducting the Litigation on behalf of the Plaintiffs and the Members of the Settlement Class, nor have Lead Counsel been reimbursed for their expenses.

**XII. CONDITIONS FOR SETTLEMENT**

The Settlement is conditioned upon the occurrence of certain events. Those events include, among other things (1) dismissal of the Litigation with prejudice; (2) entry of the Judgment by the Court, as provided for in the Stipulation; and (3) the Judgment becomes final and no writ or appeal can be taken from it. If, for any reason, any one of the conditions described in the Stipulation is not met, the Stipulation might be terminated and, if terminated, will become null and void, and the parties to the Stipulation will be restored to their respective positions prior to the execution of the Stipulation.

**XIII. OBJECTIONS TO THE SETTLEMENT AND THE RIGHT TO BE HEARD AT THE HEARING**

Any Settlement Class Member may, but is not required to, enter an appearance in the litigation and be represented by counsel of his, her, or its choice and expense. Any Settlement Class Member who does not enter an appearance will be represented by Lead Counsel. Any Settlement Class Member who objects to any aspect of the settlement may appear and be heard at the Settlement Hearing. Any such Person must submit a written notice of objection, mailed or hand delivered such that it is received on or before December 28, 2007, forty-five (45) after the mailing of the Notice, by each of the following:

CLERK OF THE COURT  
LOS ANGELES COUNTY SUPERIOR COURT  
600 South Commonwealth Avenue  
Los Angeles, CA 90005

DAVID SHAPIRO  
BOIES, SCHILLER & FLEXNER LLP  
1999 Harrison Street, Suite 900  
Oakland, CA 94612  
*Lead Counsel for Plaintiffs*

JOHN GORDON  
QUINN EMANUEL URQUHART OLIVER & HEDGES LLP  
865 S. Figueroa St., 10th Floor  
Los Angeles, California 90017  
*Counsel for the Lipp Defendants*

The notice of objection must demonstrate the objecting Person's membership in the Settlement Class and contain a statement of the reasons for objection. Only Members of the Settlement Class who have submitted written notices of objection in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise.

**XIV. NOTICE TO PERSONS OR ENTITIES HOLDING RECORD OWNERSHIP ON BEHALF OF OTHERS**

Nominees who held any investments in Four Star during the Class Period for the beneficial ownership of another shall mail the Notice to all such beneficial owners within ten (10) days after receipt thereof, or send a list of the names and addresses of such beneficial owners to the Claims Administrator identified above within ten (10) days of receipt thereof, in which event the Claims Administrator shall promptly mail the Notice to such beneficial owners. Additional copies of this Notice for transmittal to beneficial owners are available on request directed to *Four Star Financial Litigation*, c/o Desmond, Marcello & Amster, 6060 Center Drive, Suite 825, Los Angeles, CA, 90045.

**XV. EXAMINATION OF PAPERS**

This Notice is a summary and does not describe all the details of the Stipulation. For full details of the matters discussed in this Notice, you may desire to review the Stipulation filed with the Court, which may be inspected during business hours, at the Office of the Clerk of the Court, Los Angeles County Superior Court, 600 South Commonwealth Avenue, Los Angeles, California 90005.

For further information regarding this settlement you may contact: Kevin Barry, Boies, Schiller & Flexner LLP, telephone: (510) 874-1000.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.

DATED: November 13, 2007

BY ORDER OF THE SUPERIOR COURT OF  
THE STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES