

## SETTLEMENT AGREEMENT

*W* *April* THIS SETTLEMENT AGREEMENT ("Agreement") is entered into this 10<sup>th</sup> day of ~~February~~, 2002, by and between the States of New York, Maryland and California ("the States"), by their Attorneys General, and Mark Morrow and Mark Morrow Stamps, Inc. (together, "Mr. Morrow") (collectively "the Parties").

### 1. Introduction

- 1.1 The Attorney General of New York has carried out an investigation into claims that various persons or entities, acting in concert with Mr. Morrow and others, engaged in bid-rigging at public stamp auctions over a period lasting through 1997 (the "Alleged Illegal Conduct"). Based on information discovered during that investigation, the States have brought an action in the Southern District of New York, *New York, et al. v. Feldman, et al.*, No. 01-cv-6691 ("*New York v. Feldman*"). The States believe they have a sufficient basis for alleging that Mr. Morrow participated in the Alleged Illegal Conduct. Mr. Morrow does not, by entering into this agreement, admit these allegations.
- 1.2 The Parties, in the interest of achieving a resolution to this matter, and of resolving all claims without resort to litigation, have entered into this Settlement Agreement, which they intend as a final and complete resolution of all claims by the States against Mr. Morrow arising out of the Alleged Illegal Conduct.
- 1.3 Therefore, in consideration of the terms of this Settlement Agreement and other good and valuable consideration, receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

### 2. Definitions

As used in this Settlement Agreement:

- 2.1 "Crossing Off" means any act whereby actual or potential bidders at Public Stamp Auctions (acting themselves or through an agent or other authorized representative) in any way agree either not to bid against each other during a Public Stamp Auction, or to keep bids below a certain amount.
- 2.2 "Defendant" means any Defendant in *New York v. Feldman*, counsel for any such Defendant, any individual acting on one or more Defendants' behalf, and any employee of any Defendant.
- 2.3 "Effective Date" means the date by which all of the Parties have executed this Settlement Agreement.
- 2.4 "Parties" mean the signatories of this Settlement Agreement.
- 2.5 "Person" means any individual, association, cooperative, partnership, corporation, or other business or legal entity.

- 2.6 "Public Stamp Auction" means any auction at which stamp(s) are offered for sale through the competitive bidding process, when the date, time and place of the auction is made known to the public.

### 3. Resolution of Claims

- 3.1 The parties agree to compromise, settle and resolve fully and finally on the terms set forth in this Agreement, any and all claims, actions and causes of action by the States against Mr. Morrow arising from the Alleged Illegal Conduct. The parties agree that this Settlement Agreement shall not be deemed or construed as evidence or an admission of any issue of fact or law, nor a determination that a violation of the law occurred, or of the truth of any of the claims or matters alleged by the State.
- 3.2 Except as expressly provided, this Agreement shall not be construed to limit or restrict any right that otherwise might be available to the States in relation to the Alleged Illegal Conduct. Nothing in this Agreement is intended to release the liability of, or in any way create a benefit in favor of any person who is not a Party to this Agreement.
- 3.3 This Settlement Agreement may be executed by counsel for the parties, and will become effective on the Effective Date. Each counsel who executes this document shall, by his or her signature, expressly represent that he or she is fully authorized by the Parties he or she represents to execute this Settlement Agreement. This Settlement Agreement may be executed on separate signature pages, in counterparts or by facsimile, with the same effect as if all parties had signed the same physical page of this agreement.
- 3.4 The States will not disclose the existence or contents of this Settlement Agreement, or Mr. Morrow's participation in any settlement with the States, in a manner that will reveal Mr. Morrow's identity to any third parties ("§ 3.4 Information"), besides other government enforcement agencies, except that the States may disclose § 3.4 Information under the following circumstances: (1) an inquiry is made to the States, a truthful response to which would require disclosure of § 3.4 Information; or (2) disclosure of § 3.4 Information is required by law, or appropriate in response to a request or rule providing for discovery in a legal proceeding, or an authorized request for government records or other documents. If the States determine that they are required to disclose § 3.4 Information during the litigation of *New York v. Feldman*, they will first provide Mr. Morrow's counsel with five business days notice, so that he may make application to the Court for a protective order.

### 4. Monetary Payment

- 4.1 Upon execution of this Agreement, Mr. Morrow shall pay by certified or bank check to the New York Attorney General's Office the sum of \$78,000. This money shall be placed by the States into an escrow account, and shall be disbursed in accordance with any order by the Court directing disbursement of money recovered in *New York v. Feldman*.
- 4.2 Except as otherwise set forth in this Agreement, the Parties are to bear their own costs relating to this Agreement or the Alleged Illegal Conduct.

## 5. Subsequent Proceedings

- 5.1 Mr. Morrow shall fully, fairly and truthfully disclose all information and produce all records and other evidence in his possession, custody or control relevant to all formal requests for information made by the Attorney General concerning the Alleged Illegal Conduct.
- 5.2 In *New York v. Feldman*, or any related case brought by the States, service by any State of any subpoena or discovery request on Mr. Morrow may be made by mailing to his home address, or to the address of his undersigned counsel. Mr. Morrow's consent to such service by mailing is in addition to, and not in lieu of, service by any other means authorized by law. Mr. Morrow will not challenge any subpoena or discovery request by the States seeking relevant documents, or deposition, trial or other testimony, except on grounds of Fifth Amendment privilege, attorney-client privilege or work product.
- 5.3 Mr. Morrow shall agree to be interviewed by assistant attorney generals or investigators employed by the States regarding the facts of this case whenever formally requested. Any such interview may be recorded or transcribed at the sole discretion of the States. At the interview, Mr. Morrow will answer all questions fully, fairly and truthfully, and may refuse to answer only on the grounds of Fifth Amendment Privilege, attorney-client privilege or work product. Mr. Morrow may be represented by counsel at any such interview. Mr. Morrow may decline to provide information to the States on the basis of his Fifth Amendment privilege only prior to June 30, 2002 (the "Cut-off Date"), unless: (1) prior to the Cut-off Date, he has been criminally charged by a governmental body for actions arising out of the Alleged Illegal Conduct; and (2) those criminal charges are still pending on the date that Mr. Morrow seeks to assert the Fifth Amendment Privilege. If Mr. Morrow asserts his Fifth Amendment privilege in response to a request by the States for information, he must give the States seven days notice if he intends to provide information on the same subject matter to any Defendant in *New York v. Feldman*, or disclose such information in testimony at deposition or trial. Mr. Morrow will make himself available, during that seven day period, for an interview conducted in accordance with this section. If he does not provide such notice, the provision of such information or testimony will constitute a material breach of this agreement.
- 5.4 Mr. Morrow will fully, fairly and truthfully testify at any trial or other proceeding concerning the Alleged Illegal Conduct, in response to a subpoena. Mr. Morrow agrees that service of a subpoena upon his counsel shall constitute legally sufficient service, and will have the same legal effect as personal service upon Mr. Morrow in New York. Except as provided in paragraphs 5.2 and 5.3, Mr. Morrow shall not object to testifying on the ground of any constitutional, statutory or common law privilege, except that he may invoke his privilege against self-incrimination if he is identified by a government enforcement official as a target of a criminal investigation concerning the Alleged Illegal Conduct, or if he has been charged with a criminal offense concerning such matters.
- 5.5 Mr. Morrow shall provide the States with written notice of any written or oral communication that he or his counsel or other representative have, on or after the Effective Date of this Agreement, with any Defendant concerning the Alleged Illegal Conduct or *New York v. Feldman*, within three days of any such communication, except that no notice need be provided regarding: 1) communications between counsel covered by any joint defense

privilege in any criminal investigation or proceeding brought by the New York Office of the United States Department of Justice Antitrust Division concerning the Alleged Illegal Conduct; and 2) communications between counsel concerning non-confidential information about the procedural status of *New York v. Feldman*. Mr. Morrow shall provide the States with written notice of any request or subpoena by the Defendants that he testify on any Defendant's behalf, any agreement regarding his testimony, or any request for documents including but not limited to a subpoena or discovery request, within three days of such request or agreement. Mr. Morrow will provide the States with any correspondence or other documents sent to or received from any Defendant, except correspondence regarding dealings in the ordinary course of business that do not violate the conduct provisions of section 6.

- 5.6 Any failure by Mr. Morrow to comply with the provisions of section 5 shall constitute a material breach of this Agreement, and shall permit the States to declare this Agreement null and void for all purposes and to the same extent as if it were never executed provided that the states have notified him in writing of their position, by fax or mail, and have given him with three business days to cure any breach.

## 6. Future Conduct

For five years following the Effective Date of this Agreement, Mr. Morrow shall refrain from the following conduct:

- 6.1 Directly, indirectly – or through any corporation, joint venture, partnership, or other entity or device – entering into, attempting to enter into, organizing or attempting to organize, implementing, or soliciting or attempting to solicit any agreement, understanding, contract or combination, either express or implied, with any other person or competitor:
- A. To Cross Off bids to purchase any stamp(s) in a Public Stamp Auction held in the United States; or
  - B. To act in concert with any other Person to set, establish, inflate, suppress or maintain the price or other terms and conditions of any bids for the acquisition of any stamp(s) in a Public Stamp Auction held in the United States.
- 6.2 Directly, indirectly – or through any corporation, joint venture, partnership, or other entity or device – communicating or inquiring about any intentions, decisions, or plans to bid or to refrain from bidding on any particular lot or group of lots, including any intentions, decisions, or plans regarding any actual or proposed bid amounts to purchase any stamp(s) in a Public Stamp Auction held in the United States, where such communication or inquiry is to:
- A. Any other person who is known or reasonably should be known by Mr. Morrow to be an actual or a potential bidder to purchase stamp(s); or
  - B. Any other person who has announced an intention to bid to purchase stamps(s).
- 6.3 Directly, indirectly – or through any joint venture, partnership or other entity or device –

requesting, suggesting, urging or advocating that any other person not bid on, or suggesting that it would not be appropriate for any other person to bid on, any particular lot or group of lots offered for sale at a Public Stamp Auction held in the United States.

- 6.4 For five years following the Effective Date of this Agreement, Mr. Morrow shall provide the New York Attorney General's Office, on a semi-annual basis, with: 1) a list of all auctions at which he has bid during the previous six months, the identity of any agent that represented him, and the particular auctions at which that agent acted on his behalf; and 2) a sworn certification that his participation at those auctions was in conformity with the terms of this agreement.
- 6.5 For the purpose of determining or securing compliance with this Agreement, and subject to any legally recognized privilege, from time to time duly authorized representatives of the States, or anyone designated by them as such, may, upon written request and on reasonable notice, be permitted to inspect and copy all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of Mr. Morrow relating to Public Stamp Auctions at his place of business, or at such other place agreed upon by the parties. During any such inspection, Mr. Morrow may have counsel present.
- 6.6 Mr. Morrow will not object, on the basis of the statute of limitations, laches or any other defense relating to the timeliness of suit, to any action by the States to enforce the provisions of Section 6.
- 6.7 Nothing in this Agreement shall be construed to indicate that any of the prohibited conduct set forth in this section will be permissible under any state or federal laws upon the expiration of this Agreement.

## 7. Choice of Law

- 7.1 This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to an agreement negotiated, executed, entered into and performed solely within the State of New York.

## 8. Enforcement


- 8.1 Any action by the States to enforce this Agreement may be brought in the Supreme Court of the State of New York, County of New York, or the United States District Court for the Southern District of New York.
- 8.2 The parties agree that: (a) the terms of this contract are enforceable by the States under the equitable jurisdiction of a court which may, by way of example only, direct specific performance; and (b) any breach of section 6 of this Agreement by Mr. Morrow would cause irreparable harm to the citizens and to the general economies of the States.
- 8.3 All of the obligations of this Settlement Agreement that are binding on Mr. Morrow shall be binding upon his successors, assigns and legal representatives.

**9. Integration**

**9.1** This Settlement Agreement contains the entire agreement and complete understanding of the parties. There are no additional promises or terms of the Settlement Agreement other than those contained above. This Agreement shall not be modified except in writing, signed by all the parties hereto or by their authorized representatives.

AGREED AND CONSENTED TO:

MARK MORROW AND  
MARK MORROW STAMPS, INC.

By: 


Tai Park, Esq.  
Shearman and Sterling  
599 Lexington Ave.  
New York, NY 10022

COUNSEL FOR MARK MORROW  
AND MARK MORROW STAMPS,  
INC.

 3/13/2002  
Mark Morrow

STATE OF NEW YORK  
ELIOT SPITZER  
Attorney General

By: \_\_\_\_\_


  
JAY L. HIMES  
Bureau Chief  
Antitrust Bureau



BILL LOCKYER  
STATE OF CALIFORNIA  
Attorney General

By: Lindsay Bower 4/5/02  
LINDSAY BOWER  
Deputy Attorney General

STATE OF MARYLAND  
J. JOSEPH CURRAN  
Attorney General

By:   
JOHN TENNIS  
Assistant Attorney General

Dated: April 3, 2002