SETTLEMENT AGREEMENT AND RELEASE

THIS SETTLEMENT AGREEMENT AND RELEASE (the "Agreement") is entered into by and among plaintiff STATE OF WEST VIRGINIA *ex rel.*, PATRICK MORRISEY, ATTORNEY GENERAL OF THE STATE OF WEST VIRGINIA (the "State") and defendants WELLS FARGO INSURANCE SERVICES OF WEST VIRGINIA, INC., f/k/a Acordia of West Virginia, Inc., and WELLS FARGO INSURANCE SERVICES USA, INC., f/k/a Acordia, Inc. (collectively "WFIS"). The State and WFIS will be referred to in this Agreement individually as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, the State, by and through the Attorney General of the State of West Virginia, served an investigatory subpoena on WFIS in or about December 2004, inquiring about the receipt of contingent commissions for the placement of insurance policies in the State of West Virginia (the "Investigation");

WHEREAS, the State initiated a civil action against WFIS on or about May 19, 2005, entitled State of West Virginia ex rel., Darrell v. McGraw, Jr., Attorney General v. Acordia of West Virginia, Inc. and Acordia, Inc., Civil Action No. 04-C-115 W, in the Circuit Court of Hancock County, West Virginia, the caption of which was later amended to State of West Virginia ex rel., Patrick Morrissey, Attorney General v. Wells Fargo Insurance Services of West Virginia, Inc. and Wells Fargo Insurance Services USA, Inc. (the "Action");

WHEREAS, the State claimed in the Action that certain insurance practices related to the placement of insurance policies violated the State of West Virginia's Antitrust and Consumer Credit and Protection Acts. The Attorney General sought damages under the Antitrust Act on behalf of the State, its public agencies, counties, municipalities, and other political subdivisions, and as *parens patriae* of natural person who are citizens and residents of the State.

WHEREAS, the State has concluded, after diligent investigation and discovery, and after carefully considering all facts, legal arguments, and relevant circumstances, that it would be in the State's best interests to enter into this Agreement and to avoid the uncertainties of litigation.

WHEREAS, WFIS denies all liability and all claims and allegations of the State, including the merits of the State's claims. WFIS also expressly denies having engaged in any wrongful or illegal activity or having violated any law, regulation, or rule, or that any West Virginia resident, person, or entity has suffered any harm or damages as alleged in the Action or the Investigation; and

WHEREAS, each of the undersigned Parties, with the advice of legal counsel, has determined independently that it is desirable and beneficial for each of them to settle, resolve their differences, move forward, and effect a compromise.

NOW, THEREFORE, in consideration of the Recitals above that are incorporated and made an integral part of this Agreement, the mutual promises and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confirmed, the Parties agree as follows:

AGREEMENT

1. Settlement Amount, Fees, And Costs. WFIS shall pay the State the total sum of Eight Million Dollars and No Cents (\$8,000,000.00) ("the Settlement Amount"), by wire transfer to the client trust account of the Masters Law Firm Ic, for the purposes of distribution, within fifteen (15) days after the last of all of the following occur: (a) the execution of this Agreement by all Parties; (b) the filing with the Court of an Agreed Order of Dismissal of the Action with prejudice and on the merits as set forth in the attached Exhibit A; (c) the Court signing and entering an order dismissing the Action with prejudice in a form substantially similar to that attached as Exhibit A; (d) the private outside counsel retained by the Attorney General or his predecessor in the Action or the Investigation ("Outside Counsel") sign and deliver to WFIS a warranty regarding present clients, a lien release, and an acknowledgment regarding confidential materials in a form substantially similar to that attached as Exhibit B; and (e) any Deputy Attorney General appearing in this Action ("Deputy Attorney General") as of the date of this Agreement sign and deliver an acknowledgment regarding confidential material in a form substantially similar to that attached as Section III of Exhibit B; and (f) the Court signing and entering an order on the State's or Outside Counsel's application for an award of attorneys' fees and costs.

The Parties agree that the Settlement Amount is not, and shall never be, characterized as a penalty, fine, or punitive damages. The Parties also agree that allocation or distribution of the net settlement after payment of the Court awarded attorneys' fees and costs shall be within the sole discretion of the Attorney General and shall be used for any lawful purpose including, but not limited to, reimbursement of direct or indirect administrative, investigative, enforcement, or litigation costs and services incurred for consumer protection purposes, future public protection purposes, placement in a consumer protection enforcement fund, consumer education, litigation, or local consumer aid fund or revolving fund, or similar fund by whatever name, or for other consumer protection purposes permitted by state or local statutes, rules, or regulations. The State shall defend, hold harmless, and indemnify WFIS from and against any and all claims made by any claimant asserting a right to any portion of the Settlement Amount. The Parties further agree that each Party shall bear and be responsible for all their own attorneys' fees, expert fees, costs, and all other expenses that in any way relate, directly or indirectly, to the Action or Investigation.

- 2. <u>Dismissal Of Action</u>. The Parties agree to execute an Agreed Order of Dismissal, substantially in the form attached as Exhibit A, which the State shall file with the Circuit Court of Hancock County, West Virginia within five (5) business days after this Agreement is fully executed and the Court signs and enters an order awarding any attorneys' fees and costs. The State further warrants that there are no other private outside counsel, other than Outside Counsel listed on page 2 of Exhibit A, that the Attorney General or his predecessor retained in the Action or the Investigation.
- Resolution Of All Claims. WFIS is paying the Settlement Amount to resolve all claims of any kind that the State and/or the Attorney General have made, or could have made, whether known or unknown, on behalf of the State; any state agencies, departments, political subdivisions, institutions, employee retirement systems; any public entities; any West Virginia residents; any West Virginia businesses, corporations, associations, and organizations; or any other persons against WFIS or any of the Released Parties (as defined in paragraph 4 below) that in any way, directly or indirectly, relate to or arise out of the Action, the Investigation, or the transactions,

occurrences, and events that are, were, or could have been the subject of the Action or the Investigation.

4. The Release. Except for obligations expressly assumed in this Agreement, the State, on behalf of itself and its departments, agencies, political subdivisions, officers, employees, and agents (the "Releasors") hereby fully, finally, and forever release, relinquish, and discharge WFIS and its respective predecessors, parents, subsidiaries, affiliates, successors, and assigns and respective current and former officers, directors, attorneys, employees, and agents (collectively the "Released Parties") from all claims, demands, judgments, costs, damages, attorneys' fees, expert fees, expenses, and causes of action, whether in law or in equity, known or unknown, that the Releasors now have, or could in the future have, against the Released Parties arising out of, based upon, or relating in any way, directly or indirectly, to the subject matters alleged or could have been alleged in the Action, the Investigation, or in any other forum (the "Claims").

This Release, however, does not include any claims arising out of a failure of any Party to perform in conformity with the terms of this Agreement.

- 5. No Admission Of Liability. In agreeing to settle, WFIS makes no admission of fact or law, and no part of this Agreement shall be treated or construed as an admission of liability or wrongdoing of any kind by WFIS or the Released Parties in the Action or the Investigation. This Agreement and the Parties' actions performed under this Agreement shall not be deemed to be or construed as an admission of any allegations in the Action, nor shall they constitute any admission of any fact, liability or fault as to any claim or proceeding that has been, is now being, or may be pursued by any person, agency, or entity. WFIS is entering into this Agreement for the sole purpose of resolving this controversy, and eliminating the need to incur further attorneys' fees and costs in defending itself against the disputed Action, Investigation, and Claims.
- 6. Representation Of No Other Present Client; Lien Release; Destruction Or Return Of Confidential Materials. Each Outside Counsel shall execute and deliver to WFIS a warranty and lien waiver in a form substantially similar to that attached as Sections I and II of Exhibit B. In executing Exhibit B, Outside Counsel shall represent and warrant that, as of the date of the signing of Exhibit B and the execution of this Agreement, they do not have any clients who intend to or will file a lawsuit, action, or any other type of proceeding, administrative or otherwise, against WFIS based upon, or arising out of, directly or indirectly, any of the facts, legal theories, or Claims that have been, or could have been raised, in this Action or the Investigation. Further, in executing Exhibit B each Outside Counsel shall release and waive any and all liens and any claims to attorneys' fees, expert fees, costs, and all other expenses relating to this Action and the Investigation that they have or could have had against WFIS.

In addition, Outside Counsel and the Attorney General shall fully comply with the terms of the Discovery Confidentiality Order entered by the Court on October 18, 2005, by acknowledging that they have destroyed or returned to WFIS all confidential materials in this Action and the Investigation, except for those confidential materials that were filed in Court prior to the date of this Agreement. The destruction or return of all confidential materials, which includes all WFIS confidential materials provided to the State, or any of the State's witnesses, or potential witnesses, including any testifying or nontestifying experts, is a condition precedent to

the payment of the Settlement Amount. Each Outside Counsel and Deputy Attorney General shall execute and deliver to WFIS an acknowledgement regarding confidential materials in a form substantially similar to that attached as Section III of Exhibit B.

- 7. <u>Limitation On Use</u>. This Agreement shall not be used, and is not intended to be used, as evidence or for any other purpose in the Action or in any other action or proceeding, administrative hearing, investigation, review or otherwise, other than as evidence of the Parties' compromise of their disputes in the Action and the Investigation. This Agreement also does not confer any rights upon any persons or entities other than the West Virginia Attorney General and the WFIS Released Parties.
- 8. No Effect On Licensing Or Other Privileges. Nothing in this Agreement shall be admissible against any WFIS Released Parties or serve as the basis for any disqualification of any WFIS Released Parties for any license or privilege with the power of the State of West Virginia to grant. The fact that WFIS has entered into this Agreement is not intended to disqualify any WFIS Released Parties from engaging in any business in the State of West Virginia or any other state.
- 9. <u>Negotiated Agreement/Consultation With Counsel</u>. The Parties mutually represent and warrant that they have: (a) negotiated the terms of this Agreement at arms' length; (b) consulted with legal counsel of their choice with respect to the terms of the Agreement; (c) carefully read this Agreement in its entirety and understood all the terms and conditions; (d) had sufficient time in which to read and consider the terms of this Agreement; and (e) entered into this Agreement of their own free will and volition.
- 10. <u>Authority</u>. The Parties represent and warrant that the person executing this Agreement on behalf of each Party has the legal authority to bind the Party and carry out the terms of this Agreement.
- 11. <u>Counterparts</u>. This Agreement may be executed by each of the Parties in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, with the same effect as if the Parties had signed the same copy.
- 12. <u>Severability</u>. The invalidity or illegality of any provision of this Agreement shall not affect the validity of any other provision or covenant of this Agreement.
- 13. <u>Agreement Construed As If Jointly Prepared</u>. This Agreement was fully negotiated and the terms herein were either accepted by or independently drafted or revised by all Parties. Accordingly, this Agreement shall not be construed against the Party that undertook the principal preparation of it but shall be construed as if all the Parties jointly prepared this Agreement, and any ambiguity contained herein, if any, shall not be interpreted against any one Party.
- 14. <u>Amendment Or Modification</u>. This Agreement may be amended or modified only by a written instrument signed by all of the Parties hereto.

- 1. <u>Governing Law, Jurisdiction, And Venue</u>. This Agreement shall be governed by the laws of the State of West Virginia, and the parties consent to the jurisdiction of the Circuit Court of Hancock County, West Virginia in any proceeding to enforce the terms of this Agreement.
- 2. <u>Entire Agreement</u>. This Agreement embodies the entire understanding of the Parties with respect to this settlement. All prior representations and agreements, whether oral or in writing, have been merged into and replaced by this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as follows:

Dated: April 25, 2016

THE STATE OF WEST VIRGINIA, ex rel., PATRICK MORRISSEY, ATTORNEY GENERAL

A Robert Leslie

Mr. Authorized Representative Senior Deputy Attorney General

WELLS FARGO INSURANCE SERVICES OF WEST VIRGINIA, INC., f/k/a Acordia of West Virginia, Inc., and WELLS FARGO INSURANCE SERVICES USA, INC. f/k/a Acordia, Inc.

Dated: April <u>2</u>, 2016

By: Year L. Schupbach

Its: Executive Vice President