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7 *Attorneys for the People of the State of California*

ELECTRONICALLY FILED
Superior Court of California,
County of San Diego

04/09/2014 at 12:18:00 PM
Clerk of the Superior Court
By Lee McAlister, Deputy Clerk

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9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 FOR THE COUNTY OF SAN DIEGO
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13 **THE PEOPLE OF THE STATE OF**
14 **CALIFORNIA,**

15
16 **v.**

17 **CRAWFORD SMITH FOUNDATION, A**
18 **CALIFORNIA NONPROFIT PUBLIC**
19 **BENEFIT CORPORATION; STEPHEN W.**
20 **SMITH, AN INDIVIDUAL; JUDITH C.**
21 **SMITH, AN INDIVIDUAL; CONSTANCE**
22 **S. LUNDY, AN INDIVIDUAL; STEPHEN**
W. SMITH, JR., AN INDIVIDUAL;
PETER C. SMITH, AN INDIVIDUAL;
AND DOES 1 THROUGH 50, INCLUSIVE

Case No. 37-2012-00086290-CU-BT-CTL

SETTLEMENT AGREEMENT AND
~~[PROPOSED]~~ ORDER

Dept.: C-70
Judge: Hon. Randa Trapp

Action Filed: November 28, 2012
Trial Date: None Set

23 1. Parties: This Settlement Agreement is entered into by, between, and among the
24 following parties: Plaintiff, the People of the State of California ("the People"), by Kamala D.
25 Harris, Attorney General of the State of California ("Attorney General"), and Defendants
26 Crawford Smith Foundation ("CSF"), Stephen W. Smith, Judith C. Smith, Constance S. Lundy,
27 Stephen W. Smith, Jr., and Peter C. Smith (hereinafter, collectively, also referred to as "the
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1 Settling Defendants"). The parties to this Settlement Agreement are, collectively, also referred to
2 as "the Settling Parties."

3 2. Recitals:

4 2.1 The Court has personal jurisdiction over the Settling Parties and subject matter
5 jurisdiction over the underlying action *People v. Crawford Smith Foundation, et al.*, Case No. 37-
6 2012-00086290-CU-BT-CTL (hereinafter referred to as "the Action"). The Court shall retain
7 jurisdiction as the ends of justice may require for the purpose of enabling any party to this
8 Settlement Agreement to apply to the Court at any time for such further orders and directions as
9 may be necessary or appropriate including, but not limited to, the following: (a) the construction
10 or carrying out of this Settlement Agreement, (b) the enforcement of any provision of the
11 Settlement Agreement, and (c) the punishment of any violations of the Settlement Agreement.
12 This Settlement Agreement constitutes a stipulation for settlement and shall be enforceable under
13 Code of Civil Procedure section 664.6.

14 2.2 Crawford Smith Foundation ("CSF") is a California nonprofit public benefit
15 corporation whose assets are, and were at all times relevant herein, impressed with a charitable
16 trust.

17 2.3 In November 2012, the Attorney General, on behalf of the People, sued Settling
18 Defendants for failure to maintain adequate books and records, breach of fiduciary duty/self-
19 dealing, filing and distributing false and incomplete reports, an accounting, and involuntary
20 dissolution.

21 2.4 By their verified answer, the Settling Defendants deny the allegations set forth in the
22 complaint and have raised various affirmative defenses.

23 2.5 The Settling Parties, each of whom desires to avoid the expense, uncertainty, and
24 inconvenience of further litigation in this case, state that all claims alleged against Settling
25 Defendants arising out of the Action have been settled and the Court may enter the proposed
26 Order below on the facts, terms, and conditions stated herein.

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1 3. Settlement Terms:

2 3.1 The Settling Defendants agree to pay the amount of \$902,148 (nine hundred two
3 thousand one hundred forty-eight dollars) (hereinafter also referred to as the "Repayment
4 Amount"), for the sole purpose of establishing a fund with the California Community Foundation.
5 The purpose of the fund shall be the support of charitable, scientific, cultural, testing for public
6 safety, literary, and educational purposes. Said payment shall be made by a certified check
7 payable to "the California Attorney General," to be held in trust by the Attorney General until the
8 establishment of the above-described fund. Said payment shall be delivered to the Attorney
9 General's Office at 300 S. Spring Street, Los Angeles, California 90013, to the attention of
10 Deputy Attorney General Jami L. Cantore. The Settling Defendants will pay the entire
11 Repayment Amount in one lump sum within sixty (60) days of the Michigan State court's Order
12 granting the petition(s) to terminate the trust(s) and/or to distribute funds from the Bell Y. Smith
13 Trust and the Yates G. Smith Residuary Trust accounts (hereinafter the "Michigan trust fund
14 accounts"). Settling Defendants' attorney Lawrence J. Kaplan will provide notice to the Attorney
15 General within ten (10) days of the Michigan State court's Order on the above petition(s). If the
16 Settling Defendants fail to make the aforementioned payment, the Attorney General shall notify
17 the Settling Defendants, in writing, that the Settling Defendants shall have ten (10) days from
18 receipt of said notice to cure the default. Failure to pay the Repayment Amount within ten (10)
19 days of the date of the written notice shall be handled as set forth in section 3.3 below. Said
20 notification shall be sent to the law office of Solomon Ward Seidenwurm & Smith, LLP, to the
21 attention of Lawrence J. Kaplan, Esq. Notwithstanding the above, if Settling Defendants fail to
22 pay the entire Repayment Amount by July 31, 2014, the Attorney General shall treat that failure
23 as a default and will handle said default as set forth in section 3.3 below.

24 3.2 The Settling Defendants agree to pay to the Attorney General's Office a total of
25 \$97,852 (ninety-seven thousand eight hundred fifty-two dollars) (hereinafter also referred to as
26 the "Settlement Amount"). The Settlement Amount constitutes reimbursement of attorneys' fees
27 and costs incurred by the Charitable Trusts Section, pursuant to Government Code section 12598,
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1 subdivisions (b) and (c). These funds shall be used exclusively by the Charitable Trusts Section
2 for the administration of the Attorney General's charitable trust enforcement responsibilities. The
3 Settlement Amount shall be payable in one lump sum within sixty (60) days of the Michigan
4 State court's Order granting the petition(s) to terminate the trust(s) and/or to distribute funds from
5 the Michigan trust fund accounts. Settling Defendants' attorney Lawrence J. Kaplan will provide
6 notice to the Attorney General within ten (10) days of the Michigan State court's Order on the
7 above petition(s). The Settlement Amount shall be paid by a certified check made payable to "the
8 California Attorney General" and shall be delivered to the Attorney General's Office at 300 S.
9 Spring Street, Los Angeles, California 90013, to the attention of Deputy Attorney General Jami
10 L. Cantore. If the Settling Defendants fail to pay the Settlement Amount within the prescribed
11 time period set forth above, the Attorney General shall notify the Settling Defendants, in writing,
12 that failure to pay the Settlement Amount within ten (10) days of the date of the written notice
13 shall be handled as set forth in section 3.3 below. Said notification shall be sent to the law office
14 of Solomon Ward Seidenwurm & Smith, LLP, to the attention of Lawrence J. Kaplan, Esq.
15 Notwithstanding the above, if Settling Defendants fail to pay the entire Settlement Amount by
16 July 31, 2014, the Attorney General shall treat that failure as a default and will handle said default
17 as set forth in section 3.3 below.

18 3.3 The Settling Defendants shall execute the Stipulation for Entry of Judgment attached
19 hereto as Exhibit A. In the event of any default under the terms of this Settlement Agreement,
20 and the failure to cure said default, the Attorney General's Office may file the Stipulation for
21 Entry of Judgment and Stipulated Judgment and recover the amount set forth therein
22 ((\$1,000,000) (one million dollars)), with credit to be applied for any payments the Settling
23 Defendants have made in compliance with the Settlement Agreement.

24 3.4 The Settling Defendants agree to wind up and dissolve CSF. In accordance with that
25 agreement, the Settling Defendants shall execute the Stipulation for Voluntary Dissolution
26 attached hereto as Exhibit B. The winding up and dissolution of CSF shall commence upon
27 execution of this Settlement Agreement by the Settling Defendants, in accordance with the
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1 provisions of California Corporations Code sections 6610, et seq. and 6710, et seq. Upon the
2 winding up and dissolution of CSF, any assets remaining (hereinafter also referred to as
3 "Remaining Assets") in the corporation after provision for payment of proper claims and
4 expenses of administration, if any, shall be distributed to the California Community Foundation
5 and deposited into the fund described above in section 3.1. Proper claims and expenses of
6 administration include the payment of attorney's fees, accountant fees, and known debts and
7 liabilities of the corporation; and shall not include reimbursement in any form to the Settling
8 Defendants. Any reimbursement to the Settling Defendants will be deemed an improper
9 distribution as defined in Corporations Code section 6719. In the event the fund is not yet
10 established at the time of dissolution, the Remaining Assets shall be held in trust by the Attorney
11 General's Office until such time as the funds can be transferred to the California Community
12 Foundation for deposit into said fund. In that event, the Remaining Assets shall be paid by a
13 certified check made payable to "the California Attorney General" and shall be delivered to the
14 Attorney General's Office at 300 S. Spring Street, Los Angeles, California 90013, to the attention
15 of Deputy Attorney General Jami L. Cantore. Any monetary distributions made to CSF after
16 dissolution will be treated as Remaining Assets.

17 3.5 Defendant Stephen W. Smith and Defendant Judith C. Smith each agree that they will
18 not serve as a director, officer, or trustee of any California charitable
19 organization/entity/foundation/group or charitable trust during their lifetimes.

20 4. General Provisions

21 4.1 Upon the performance of all duties, obligations and responsibilities required under the
22 terms of this Settlement Agreement, each Settling Party shall be released and discharged by each
23 of the other Settling Parties, their employees, officers, agents, predecessors, successors and
24 assigns, from all civil liability, civil claims, civil damages and attorney's fees and costs, whether
25 or not known to them at the time of execution of this Settlement Agreement that relate to, or arise
26 from, the Action. The release and discharge set forth in this paragraph are binding on the Settling
27 Parties, their predecessors, successors, heirs, beneficiaries, and assigns. This release and
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1 discharge shall not be construed to limit or prevent any Settling Party's ability to enforce the
2 terms of this Settlement Agreement.

3 **4.2 Waiver of California Civil Code Section 1542.** The Settling Parties understand and
4 agree that, except as provided in paragraph 4.1, above, the releases contained herein extend to all
5 claims of every nature and kind whatsoever, including but not limited to, the released claims, as
6 set forth in Paragraph 4.1 above. In that regard, the Settling Parties acknowledge that they are
7 familiar with the provisions of Section 1542 of the California Civil Code, which reads as follows:

8 **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS
9 WHICH THE CREDITOR DOES NOT KNOW OR
10 SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE
11 TIME OF EXECUTING THE RELEASE, WHICH IF
12 KNOWN BY HIM OR HER MUST HAVE MATERIALLY
AFFECTED HIS OR HER SETTLEMENT WITH THE
DEBTOR.**

13 The Settling Parties hereby knowingly and voluntarily waive any and all rights they may have
14 under Section 1542, except as provided in paragraph 4.1, above.

15 **4.3** This Settlement Agreement shall not constitute an admission or finding of any
16 wrongdoing, fault, violation of law, or liability of any of the Settling Defendants. Neither shall it
17 be deemed or interpreted as an admission of the existence or non-existence of any fact.

18 **4.4** This Settlement Agreement contains the entire agreement and understanding among
19 the Settling Parties concerning the subject matter of the Action and supersedes all other
20 agreements of any kind concerning the subject matter of the Action. Each of the undersigned
21 warrants that no promise or inducement has been offered to them except as set forth herein and
22 that the Settlement Agreement is executed without reliance upon any statement or representation
23 by any persons or parties, or their representatives, concerning the nature and extent of injuries,
24 damages, and/or legal liability herein.

25 **4.5** Each of the Settling Parties acknowledges that he, she, or it has read the entire
26 Settlement Agreement and understands its content and, in addition, has had an opportunity to
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1 discuss the content with an attorney and make whatever investigation or inquiry that party may
2 deem necessary or desirable in connection with the subject matter of the Settlement Agreement.

3 4.6 Each of the Settling Parties warrants that he, she, or it is legally competent to execute
4 the Settlement Agreement. Any person executing this Settlement Agreement on behalf of any
5 Settling Party does hereby personally represent and warrant to the other Settling Parties that
6 he/she/it has the authority to execute this Settlement Agreement on behalf of, and to fully bind,
7 that party.

8 4.7 This Settlement Agreement shall be binding upon the heirs, devisees, beneficiaries,
9 affiliates, administrators, successors, assigns, officers, directors, trustees, executors, agents and
10 employees of each and every Settling Party.

11 4.8 This Settlement Agreement is a product of bargained-for, arms-length negotiations
12 among the Settling Parties and their counsel. No party shall be considered the author of this
13 Settlement Agreement.

14 4.9 This Settlement Agreement and all rights and obligations arising out of it shall be
15 governed and construed in accordance with the laws of the State of California.

16 4.10 This Settlement Agreement constitutes a written stipulation pursuant to the provisions
17 of California Code of Civil Procedure section 664.6 and may be enforced pursuant thereto. The
18 San Diego County Superior Court shall retain jurisdiction to enforce the terms of this Settlement
19 Agreement pursuant to California Code of Civil Procedure section 664.6 et seq.

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1 4.11 This Settlement Agreement may be executed in counterparts, each of which shall be
2 deemed an original, and said counterparts shall together constitute one Settlement Agreement,
3 binding all Settling Parties hereto notwithstanding that all of the Settling Parties are not
4 signatories to the original Settlement Agreement or the same counterpart thereto. All original
5 signatures shall be delivered to Deputy Attorney General Jami L. Cantore, Office of the Attorney
6 General, 300 S. Spring Street, Suite 1702, Los Angeles, California 90013.

7
8 IT IS SO AGREED.

9 KAMALA D. HARRIS, Attorney General

10 DATE: 3/21/14

11 By Jami L. Cantore
12 JAMI L. CANTORE, Deputy Attorney General
Attorneys for the People of the State of California

13 SOLOMON WARD SEIDENWURM & SMITH LLP
14 LAWRENCE J. KAPLAN, ESQ.
Attorneys at Law

15 DATE: 1/22/14

16 By Lawrence J. Kaplan
17 LAWRENCE J. KAPLAN, Esq.
18 Attorney for Crawford Smith Foundation, Stephen W.
Smith, Judith C. Smith, Constance S. Lundy, Stephen W.
Smith, Jr., and Peter C. Smith

19 DATE: 1/22/14

20 By Judith C. Smith
21 JUDITH C. SMITH
22 President, Crawford Smith Foundation

23 DATE: 1/22/14

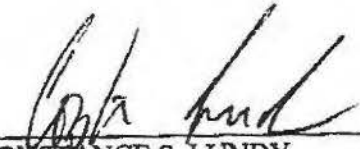
24 By Stephen W. Smith
STEPHEN W. SMITH

25 DATE: 1/22/14

26 By Judith C. Smith
27 JUDITH C. SMITH
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DATE: 27-1-2014

By 
CONSTANCE S. LUNDY

DATE: _____

By _____
STEPHEN W. SMITH, JR.

DATE: _____

By _____
PETER C. SMITH

ORDER

IT IS SO ORDERED.

DATE: 04/09/2014

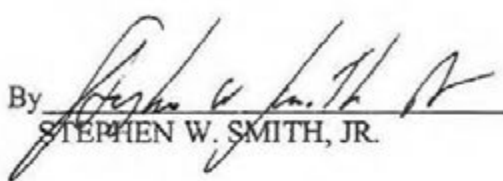

RANDA TRAPP
Judge of the Superior Court

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DATE: _____

By _____
CONSTANCE S. LUNDY

DATE: 1-26-14

By  _____
STEPHEN W. SMITH, JR.

DATE: _____

By _____
PETER C. SMITH

ORDER

IT IS SO ORDERED.

DATE: _____

RANDA TRAPP
Judge of the Superior Court

1 DATE: _____

By _____
CONSTANCE S. LUNDY

2
3
4 DATE: _____

By _____
STEPHEN W. SMITH, JR.

5
6 DATE: 1/27/14

By Peter C. Smith
PETER C. SMITH

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10 ORDER

11 IT IS SO ORDERED.

12 DATE: _____

RANDA TRAPP
Judge of the Superior Court

Exhibit “A”

1 KAMALA D. HARRIS
Attorney General of California
2 TANIA M. IBANEZ
Senior Assistant Attorney General
3 JAMI L. CANTORE
Deputy Attorney General
4 State Bar No. 165410
300 South Spring Street, Suite 1702
5 Los Angeles, CA 90013
Telephone: (213) 897-2569
6 Fax: (213) 897-7605
E-mail: Jami.Cantore@doj.ca.gov

7 *Attorneys for the People of the State of California*

8
9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 FOR THE COUNTY OF SAN DIEGO
11
12

13 **THE PEOPLE OF THE STATE OF**
14 **CALIFORNIA,**

15
16 v.

17 **CRAWFORD SMITH FOUNDATION, A**
18 **CALIFORNIA NONPROFIT PUBLIC**
19 **BENEFIT CORPORATION; STEPHEN W.**
20 **SMITH, AN INDIVIDUAL; JUDITH C.**
21 **SMITH, AN INDIVIDUAL; CONSTANCE**
22 **S. LUNDY, AN INDIVIDUAL; STEPHEN**
23 **W. SMITH, JR., AN INDIVIDUAL;**
24 **PETER C. SMITH, AN INDIVIDUAL;**
25 **AND DOES 1 THROUGH 50, INCLUSIVE**

Case No. 37-2012-00086290-CU-BT-CTL

STIPULATION FOR ENTRY OF
JUDGMENT PURSUANT TO THE
SETTLEMENT AGREEMENT ENTERED
INTO BETWEEN PEOPLE OF THE
STATE OF CALIFORNIA AND
CRAWFORD SMITH FOUNDATION,
STEPHEN W. SMITH, JUDITH C.
SMITH, CONSTANCE S. LUNDY,
STEPHEN W. SMITH, JR., AND PETER
C. SMITH

Dept.: C-70
Judge: Hon. Randa Trapp

Action Filed: November 28, 2012
Trial Date: None Set

24 IT IS HEREBY STIPULATED by and between Plaintiff People of the State of California
25 ("Plaintiff") and Defendants Crawford Smith Foundation, Stephen W. Smith, Judith C. Smith,
26 Constance S. Lundy, Stephen W. Smith, Jr., and Peter C. Smith (hereinafter, collectively, also
27 referred to as "the Settling Defendants"), that the claims against the Settling Defendants in the
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1 action entitled *The People of the State of California v Crawford Smith Foundation, et al.*, San
2 Diego Superior Court Case No. 37-2012-00086290-CU-BT-CTL have been settled on the
3 following terms:

4 1. the Settling Defendants shall make the following payments to the California
5 Attorney General:

6 a. the sum of \$902,148 (nine hundred two thousand one hundred forty-eight
7 dollars) ("the Repayment Amount"), to be held in trust by the California Attorney General, until
8 such time as the fund described in paragraph 3.1 of the Settlement Agreement has been
9 established by the California Community Foundation. The Repayment Amount will be paid in
10 one lump sum within ^{sixty (60)} ~~forty-five (45)~~ days of the Michigan State court's Order granting the
11 petition(s) to terminate the trust(s) and/or to distribute funds from the Bell Y. Smith Trust and the
12 Yates G. Smith Residuary Trust accounts (hereinafter the "Michigan trust fund accounts").
13 Notwithstanding the above, if Settling Defendants fail to pay the entire Repayment Amount by
14 July 31, 2014, the Attorney General shall treat that failure as a default.

15 b. the sum of \$97,852 (ninety-seven thousand eight hundred fifty-two
16 dollars), within ^{sixty (60)} ~~forty-five (45)~~ days of the Michigan State court's Order granting the petition(s) to
17 terminate the trust(s) and/or to distribute funds from the Michigan trust fund accounts, for
18 reimbursement of attorneys fees and costs, to be used by the Charitable Trusts Section exclusively
19 for the administration of the Attorney General's charitable trust enforcement responsibilities.
20 Notwithstanding the above, if Settling Defendants fail to pay the entire Settlement Amount by
21 July 31, 2014, the Attorney General shall treat that failure as a default.

22 2. If the Settling Defendants default on any of the above-described payments, the
23 Attorney General shall notify the Settling Defendants in writing that the Settling Defendants shall
24 have 10 days from receipt of said writing to cure the default. Said notification shall be sent to the
25 law office of Solomon Ward Seidenwurm & Smith, LLP, to the attention of Lawrence J. Kaplan,
26 Esq. In the event of such a default, and the failure to cure said default, the Attorney General's
27 Office may file the attached Stipulated Judgment, in the amount of \$1,000,000 (one million
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dollars), with credit for any payments the Settling Defendants have made in compliance with the Settlement Agreement. The Settling Parties agree that \$1,000,000 is the fair amount of monetary recovery given the nature of the claims made in the complaint, the likelihood that plaintiff would prevail if this matter went to trial, the exposure the Settling Defendants face in the lawsuit, and the expense of attorneys' fees and costs that would likely be incurred. The Settling Defendants understand that Plaintiff has accepted the above-described payment plan only on the condition that the Settling Defendants agree to provide security in the form of a Stipulated Judgment.

3. Interest on the Stipulated Judgment entered into pursuant to this Stipulation shall begin to accrue as of the date it is filed, at the legal rate.

4. The Settling Defendants waive the right to appeal, to attempt to set aside or vacate, or otherwise attack the Stipulated Judgment or any of its terms entered into pursuant to this Stipulation.

IT IS SO STIPULATED.

KAMALA D. HARRIS, Attorney General

DATE: 3/21/14

By Jami L. Cantore
JAMI L. CANTORE, Deputy Attorney General
Attorneys for the People of the State of California

SOLOMON WARD SEIDENWURM & SMITH LLP
LAWRENCE J. KAPLAN, ESQ.
Attorneys at Law

DATE: 1/29/14

By Lawrence J. Kaplan
LAWRENCE J. KAPLAN, ESQ.
Attorney for Crawford Smith Foundation, Stephen W. Smith, Judith C. Smith, Constance S. Lundy, Stephen W. Smith, Jr., and Peter C. Smith

DATE: 1/29/14

By Judith C. Smith
JUDITH C. SMITH
President, Crawford Smith Foundation

1 DATE:

1/29/14

By

Stephen W. Smith
STEPHEN W. SMITH

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3
4 DATE:

1/29/14

By

Judith C. Smith
JUDITH C. SMITH

5
6
7 DATE:

By

CONSTANCE S. LUNDY

8
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11 DATE:


By

STEPHEN W. SMITH, JR.

12
13
14 DATE:

By

PETER C. SMITH

1 DATE: _____ By _____
2 STEPHEN W. SMITH
3
4 DATE: _____ By _____
5 JUDITH C. SMITH
6
7 DATE: 2-1-2014 By 
8 CONSTANCE S. LUNDY
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11 DATE: _____ By _____
12 STEPHEN W. SMITH, JR.
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14 DATE: _____ By _____
15 PETER C. SMITH
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1 DATE: _____

By _____
STEPHEN W. SMITH

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4 DATE: _____

By _____
JUDITH C. SMITH

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7 DATE: _____

By _____
CONSTANCE S. LUNDY

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11 DATE: 1-26-14

By  _____
STEPHEN W. SMITH, JR.

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14 DATE: _____

By _____
PETER C. SMITH

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By STEPHEN W. SMITH

By JUDITH C. SMITH

By CONSTANCE S. LUNDY

By STEPHEN W. SMITH, JR.

By Peter C. Smith
PETER C. SMITH

1 KAMALA D. HARRIS
Attorney General of California
2 TANIA M. IBANEZ
Senior Assistant Attorney General
3 JAMI L. CANTORE
Deputy Attorney General
4 State Bar No. 165410
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6 Fax: (213) 897-7605
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9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 FOR THE COUNTY OF SAN DIEGO
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13 **THE PEOPLE OF THE STATE OF**
14 **CALIFORNIA,**

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16 **v.**

17 **CRAWFORD SMITH FOUNDATION, A**
18 **CALIFORNIA NONPROFIT PUBLIC**
19 **BENEFIT CORPORATION; STEPHEN W.**
20 **SMITH, AN INDIVIDUAL; JUDITH C.**
21 **SMITH, AN INDIVIDUAL; CONSTANCE**
22 **S. LUNDY, AN INDIVIDUAL; STEPHEN**
23 **W. SMITH, JR., AN INDIVIDUAL;**
24 **PETER C. SMITH, AN INDIVIDUAL;**
25 **AND DOES 1 THROUGH 50, INCLUSIVE**

Case No. 37-2012-00086290-CU-BT-CTL

**STIPULATED JUDGMENT PURSUANT
TO THE SETTLEMENT AGREEMENT
ENTERED INTO BETWEEN PEOPLE OF
THE STATE OF CALIFORNIA AND
CRAWFORD SMITH FOUNDATION,
STEPHEN W. SMITH, JUDITH C.
SMITH, CONSTANCE S. LUNDY,
STEPHEN W. SMITH, JR., AND PETER
C. SMITH**

Dept.: C-70
Judge: Hon. Randa Trapp

Action Filed: November 28, 2012
Trial Date: None Set

24 The parties, Plaintiff People of the State of California ("Plaintiff") and Defendants
25 Crawford Smith Foundation, Stephen W. Smith, Judith C. Smith, Constance S. Lundy, Stephen
26 W. Smith, Jr., and Peter C. Smith, having stipulated that this Judgment may be issued by a Judge
27 of the San Diego Superior Court without taking evidence, without trial, or adjudication of any
28 issue of fact or law, without this Judgment constituting any admission by any party concerning

any issue of law or fact, and, good cause appearing therefore, IT IS HEREBY ORDERED,
ADJUDGED AND DECREED AS FOLLOWS:

In the above-entitled matter, Plaintiff and Defendants Crawford Smith Foundation, Stephen W. Smith, Judith C. Smith, Constance S. Lundy, Stephen W. Smith, Jr., and Peter C. Smith, have stipulated through their respective counsel that Judgment may be entered against the above named defendants in the amount of \$1,000,000 (one million dollars), less payments made to date of \$_____ for a net judgment of \$_____. The Judgment entered pursuant to this stipulation shall accrue interest as of the date of the entry of Judgment at the legal rate. For purposes of collection, Crawford Smith Foundation, Stephen W. Smith, Judith C. Smith, Constance S. Lundy, Stephen W. Smith, Jr., and Peter C. Smith may claim credit for all amounts any party has paid pursuant to the settlement.

LET JUDGMENT BE ENTERED ACCORDINGLY.

DATED: _____

JUDGE OF THE SUPERIOR COURT

Exhibit “B”

1 KAMALA D. HARRIS
Attorney General of California
2 TANIA M. IBANEZ
Senior Assistant Attorney General
3 JAMI L. CANTORE
Deputy Attorney General
4 State Bar No. 165410
300 South Spring Street, Suite 1702
5 Los Angeles, CA 90013
Telephone: (213) 897-2569
6 Fax: (213) 897-7605
E-mail: Jami.Cantore@doj.ca.gov

7 *Attorneys for the People of the State of California*

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9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 FOR THE COUNTY OF SAN DIEGO
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13 **THE PEOPLE OF THE STATE OF**
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16 **v.**

17 **CRAWFORD SMITH FOUNDATION, A**
CALIFORNIA NONPROFIT PUBLIC
18 **BENEFIT CORPORATION; STEPHEN W.**
19 **SMITH, AN INDIVIDUAL; JUDITH C.**
20 **SMITH, AN INDIVIDUAL; CONSTANCE**
21 **S. LUNDY, AN INDIVIDUAL; STEPHEN**
W. SMITH, JR., AN INDIVIDUAL;
PETER C. SMITH, AN INDIVIDUAL;
AND DOES 1 THROUGH 50, INCLUSIVE

Case No. 37-2012-00086290-CU-BT-CTL

STIPULATION FOR ENTRY OF ORDER
RE THE WINDING UP AND
DISSOLUTION OF CRAWFORD SMITH
FOUNDATION
[CORPORATIONS CODE SECTION 6614]

Dept.: C-70
Judge: Hon. Randa Trapp

Action Filed: November 28, 2012
Trial Date: None Set

22
23 Plaintiff People of the State of California and Defendants Crawford Smith Foundation,
24 Stephen W. Smith, Judith C. Smith, Constance S. Lundy, Stephen W. Smith, Jr., and Peter C.
25 Smith, through their respective attorneys, hereby stipulate to the entry of the attached ORDER RE
26 THE WINDING UP AND DISSOLUTION OF CRAWFORD SMITH FOUNDATION,
27 immediately upon the filing of this stipulation.
28

1
2 IT IS SO STIPULATED.
3

4 KAMALA D. HARRIS, Attorney General

5 DATE: 3/21/14
6

By Jami L. Cantore
JAMI L. CANTORE, Deputy Attorney General
Attorneys for the People of the State of California
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9 SOLOMON WARD SEIDENWURM & SMITH LLP
LAWRENCE J. KAPLAN, ESQ.
Attorneys at Law
10

11 DATE: 1/22/14
12

By [Signature]
LAWRENCE J. KAPLAN, Esq.
Attorney for Crawford Smith Foundation, Stephen W.
Smith, Judith C. Smith, Constance S. Lundy, Stephen W.
Smith, Jr., and Peter C. Smith
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9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 FOR THE COUNTY OF SAN DIEGO
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12

13 **THE PEOPLE OF THE STATE OF**
14 **CALIFORNIA,**

15
16 v.

17 **CRAWFORD SMITH FOUNDATION, A**
18 **CALIFORNIA NONPROFIT PUBLIC**
19 **BENEFIT CORPORATION; STEPHEN W.**
20 **SMITH, AN INDIVIDUAL; JUDITH C.**
21 **SMITH, AN INDIVIDUAL; CONSTANCE**
22 **S. LUNDY, AN INDIVIDUAL; STEPHEN**
23 **W. SMITH, JR., AN INDIVIDUAL;**
24 **PETER C. SMITH, AN INDIVIDUAL;**
25 **AND DOES 1 THROUGH 50, INCLUSIVE**

Case No. 37-2012-00086290-CU-BT-CTL

STIPULATED ORDER RE THE
WINDING UP AND DISSOLUTION OF
CRAWFORD SMITH FOUNDATION
[CORPORATIONS CODE SECTION 6614]

Dept.: C-70
Judge: Hon. Randa Trapp

Action Filed: November 28, 2012
Trial Date: None Set

23 The parties, Plaintiff People of the State of California ("Plaintiff") and Defendants
24 Crawford Smith Foundation, Stephen W. Smith, Judith C. Smith, Constance S. Lundy, Stephen
25 W. Smith, Jr., and Peter C. Smith (hereinafter, collectively, also referred to as "the Settling
26 Defendants"), having stipulated to this Order in accordance with the terms of the Settlement
27 Agreement entered into between and among the parties, and good cause appearing therefor, the
28 Court finds as follows:

1. Crawford Smith Foundation is a nonprofit public benefit corporation organized and operated exclusively for charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code.

2. In January 2014, the Settling Defendants, which include all of members of the board of directors of Crawford Smith Foundation, executed the Settlement Agreement (attached hereto as Exhibit A and incorporated herein by reference). Pursuant to section 3.4, the Settling Defendants agree to wind up and dissolve Crawford Smith Foundation in accordance with California Corporations Code sections 6610, et seq. and 6710, et seq.

WHEREFORE, the Court orders as follows:

1. The board of directors of Crawford Smith Foundation shall, within 120 days of the date of this order, wind up and dissolve the Foundation, in accordance with the provisions of California Corporations Code sections 6610, et seq. and 6710, et seq.

2. Upon the winding up and dissolution of Crawford Smith Foundation, any assets remaining in the corporation after provision for or payment of proper claims and expenses of administration as set forth in the Settlement Agreement at paragraph 3.4, if any, shall be distributed in accordance with the terms of the Settlement Agreement (Exhibit A hereto).

ORDER

IT IS SO ORDERED.

DATE: _____

RANDA TRAPP
Judge of the Superior Court

DECLARATION OF SERVICE BY U.S. MAIL

Case Name: **People of the State of California v. Crawford Smith Foundation, etc, et al.**
No.: **37-2012-00086290-CU-BT-CTL**

I declare:


I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter; my business address is 300 South Spring Street, Suite 1702, Los Angeles, CA 90013.

On March 27, 2014, I served the attached **[SETTLEMENT AGREEMENT AND [PROPOSED] ORDER]** by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid, in the United States Mail at Los Angeles, California, addressed as follows:

Lawrence J. Kaplan, Esq.
Solomon Ward Seidenwurm & Smith LLP
Wells Fargo Plaza
401 B. Street, Suite 1200
San Diego, CA 92101

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on March 27, 2014, at Los Angeles, California.

Teresa De Paz
Declarant



Signature