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15 *Attorneys for Plaintiff,*
16 *the People of the State of California*

17 SUPERIOR COURT OF THE STATE OF CALIFORNIA
18 FOR THE COUNTY OF SAN FRANCISCO
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21 THE PEOPLE OF THE STATE OF
22 CALIFORNIA,

23 Plaintiff,

24 v.

25 TOTAL CALL INTERNATIONAL, INC.,

26 Defendant.
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ENDORSED
FILED
San Francisco County Superior Court

MAY 08 2009

GORDON PARK-LI, Clerk
BY: ERICKA LARNAUTI
Deputy Clerk

CGC-09.488196
CASE NO.

STIPULATION FOR ENTRY OF
JUDGMENT

Date:
Time:
Dept:
Judge
Trial Date

1 Plaintiff, the People of the State of California (Plaintiff or the People), appearing through
2 California Attorney General Edmund G. Brown, Jr., by Deputy Attorneys General Paul Stein and
3 Alexandra Robert Gordon, and the California Public Utilities Commission (CPUC), by Public
4 Utilities Counsel Geraldine Kim, and Defendant Total Call International, Inc. (Defendant),
5 appearing through its Chairman and its attorneys Kelley, Drye & Warren LLP, by Donna L.
6 Wilson, stipulate to the entry of the Final Judgment and Permanent Injunction (Judgment)
7 attached as Exhibit A, and stipulate further as follows:

8 A. This Court has jurisdiction over the subject matter of the Complaint filed in this
9 action and of the parties. Venue as to all matters between the parties related to this action lies in
10 this Court.

11 B. Defendant waives service of a summons and complaint in this action.

12 C. Defendant agrees to accept service of the Notice of Entry of Judgment and the
13 Judgment by U.S. Mail on its counsel.

14 D. Defendant agrees to accept any further service related to the Judgment by U.S. Mail
15 on its counsel with a copy to the California registered agent for Total Call International, Inc.

16 E. Defendant waives the right to appeal, to attempt to set aside or vacate, or otherwise to
17 attack, directly or collaterally, the Judgment. This waiver does not affect Defendant's right,
18 pursuant to Paragraph 10 of the Judgment, to subsequently seek modification or termination of
19 any injunctive provision.

20 F. Nothing in this Stipulation, the Judgment, or these proceedings shall constitute
21 evidence or an admission by Defendant of any fact or issue of law raised by the Complaint filed
22 in this action. Although Defendant denies the allegations of the Complaint, Defendant agrees to
23 the entry of judgment and to be bound by its terms in order to avoid the burden and expense of
24 litigation.

25 G. Nothing in this Stipulation, the Judgment, or these proceedings shall be construed to
26 mean that Plaintiff has approved, sanctioned, or authorized any of Defendant's acts, practices, or
27 conduct, and neither Defendant nor anyone acting on its behalf shall state or imply in this or any
28 other proceeding that such endorsement or approval has been given.

1 H. The Judgment may be entered in this case to resolve those, and only those, matters set
2 forth in the allegations of the Complaint filed in this action as to conduct that occurred before
3 entry of Judgment.

4 I. Contemporaneously with the execution of this Stipulation, Defendant shall deliver to
5 Plaintiff's counsel a certified or cashier's check in the amount of \$150,000 payable to the
6 California Attorney General's Office, in satisfaction of Paragraph 5.B. of the Judgment.

7 J. No later than 30 days after the CPUC gives final approval to this stipulation and the
8 Judgment, Defendant shall deliver to Plaintiff's counsel a certified or cashier's check in the
9 amount of \$150,000 payable to the CPUC, in satisfaction of Paragraph 5.A. of the Judgment.

10 K. Defendant agrees that the \$150,000 in penalties payable to the CPUC under
11 Paragraph J. of this stipulation and Paragraph 5.A. of the Judgment is a debt payable to and for
12 the benefit of a governmental agency, pursuant to Public Utilities Code section 2107, and is not
13 compensation for actual pecuniary loss.

14 L. As a condition of Plaintiff's entering into this Stipulation and the Judgment,
15 Defendant agreed to remove real-time rate surcharges (i.e., a fixed percentage mark-up to the
16 applicable per-minute rates) on selected Prepaid Calling Cards sold to distributors, and not to
17 increase any other Ancillary Charge, as defined in the Judgment, above the maximum amount
18 disclosed on the cards, packaging, or other marketing Statements made at the time of such sales.
19 Defendant further agreed to incur, as a result of removing such real-time rates surcharges, \$1.5
20 million in gross margin reductions, and to have that amount certified by a forensic accountant
21 selected by Plaintiff.

22 M. Plaintiff acknowledges and agrees that a forensic accountant selected by it has
23 certified that, prior to the execution of this Stipulation, Defendant incurred \$1.5 million in gross
24 margin reductions calculated pursuant to the methodology agreed to by the parties, and has
25 provided Plaintiff a sworn declaration to that effect; the parties further agree that the forensic
26 accountant's declaration contains confidential business information of Defendant and should
27 remain confidential, unless needed for purposes of enforcing this Stipulation or the Judgment, or
28 as otherwise ordered by a court.

1 N. The parties agree that they will bear their own litigation costs, including any fee for
2 the filing of this Stipulation. Contemporaneously with the execution of this Stipulation,
3 Defendant shall deliver to Plaintiff's counsel a certified or cashier's check made payable to the
4 Clerk of Court, Superior Court for the County of San Francisco, in an amount sufficient to satisfy
5 Defendant's first-appearance fee requirement.

6 O. Defendant warrants that it is the proper party to the Judgment.

7 P. Defendant acknowledges that it is freely and voluntarily entering into this Stipulation,
8 that the Stipulation and Judgment were the result of good faith settlement negotiations, and that it
9 was represented by legal counsel throughout the negotiations which led to the execution of this
10 Stipulation.

11 Q. The parties agree that counsel for the CPUC is executing this Stipulation subject to a
12 formal vote of the CPUC approving this Stipulation and the Judgment, and that this Stipulation's
13 effectiveness is contingent on such approval being given.

14 R. The parties agree that, upon CPUC approval of the Stipulation and the Judgment,
15 Plaintiff's counsel may submit, with or without notice to Defendant, the Stipulation and the
16 Judgment to any judge of the superior court for approval and signature.

17 S. This Stipulation may be executed in counterparts and on multiple signature pages.

18 T. Defendant warrants that the signatories to this Stipulation have authority to act for
19 and bind it.

1 Dated: ^{may 4} April , 2009

EDMUND G. BROWN JR.
ATTORNEY GENERAL OF CALIFORNIA

By: Paul Stein

PAUL STEIN
Deputy Attorney General

Counsel for Plaintiff People of the State of
California

1 Dated: April __, 2009

**CALIFORNIA PUBLIC UTILITIES
COMMISSION**

2
3 By: 
4 GERALDINE KIM
Public Utilities Counsel

5 Counsel for Plaintiff People of the State of
6 California

1 Dated: April __, 2009

TOTAL CALL INTERNATIONAL, INC.

2 By: 

3 MARK LEAFSTEDT

4 Chairman of the Board of Directors

5 By: 

6 MARK LEAFSTEDT

7 Chief Financial Officer

8 By: _____

9 DONNA L. WILSON, ESQ.

10 Kelley, Drye & Warren LLP, as counsel for
11 Defendant Total Call International, Inc.

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1 Dated: April __, 2009

TOTAL CALL INTERNATIONAL, INC.

2
3 By: _____
MARK LEAFSTEDT
Chairman of the Board of Directors

4
5
6 By: _____
MARK LEAFSTEDT
Chief Financial Officer

7
8 By:  _____
DONNA L. WILSON, ESQ.

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