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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES

**THE PEOPLE OF THE STATE OF CALIFORNIA,**  
  
Plaintiff,  
  
v.  
  
**COUNTRYWIDE FINANCIAL CORPORATION, ANGELO MOZILO, AND DAVID SAMBOL, ET AL.,**  
  
Defendants.

Case No. LC081846  
  
**[PROPOSED] STIPULATED JUDGMENT BETWEEN PLAINTIFF THE PEOPLE OF THE STATE OF CALIFORNIA AND DEFENDANTS DAVID SAMBOL AND ANGELO MOZILO**

Plaintiff, the People of the State of California, appearing through its attorney, Kamala D. Harris, Attorney General of the State of California, by Benjamin G. Diehl, Deputy Attorney General and Defendants Angelo Mozilo, appearing through his attorneys, Irell and Manella, LLP, by David Siegel, Esq. and David Sambol, appearing through his attorneys Orrick, Herrington, and Sutcliffe, LLP, by Walter F. Brown, Jr., Esq. (together "Defendants"), have stipulated to the entry of this Stipulated Judgment (Judgment).

This Judgment is entered without taking any proof and without trial or adjudication of any issue of law or fact and does not constitute evidence of or an admission by Defendants regarding any issue of law or fact. Mr. Mozilo and Mr. Sambol deny and continue to deny the allegations

1 set forth in Plaintiff's Second Amended Complaint and deny and continue to deny that they have  
2 violated the law in any way. This Judgment and the Stipulation for Entry of Judgment constitute  
3 the complete, final, and exclusive agreement between the parties and supersede any prior written  
4 or oral agreements between the parties.

5 Therefore, the parties, having waived their rights of appeal and having approved this  
6 Judgment as to form and content:

7 **IT IS HEREBY ORDERED THAT:**

8 1. This Court has jurisdiction over the parties to and the subject matter of this action,  
9 and venue is proper in this Court.

10 2. Pursuant to California Business and Professions Code sections 17203 and 17535,  
11 Defendants are permanently enjoined and restrained from engaging in conduct that violates  
12 California Business and Professions Code sections 17200 and 17500.

13 3. Plaintiff and Defendants acknowledge that this Judgment has been presented to  
14 Countrywide Financial Corporation ("CFC") and that CFC has agreed to fully and completely  
15 indemnify Defendants for the amounts payable under this Judgment. Payments by Defendants of  
16 the settlement amounts under this Judgment shall be made within the later of 30 days of notice  
17 this Judgment is entered, or within 5 business days of the date that CFC makes payment to  
18 Defendants pursuant to its indemnification obligations. Defendants will use best efforts to obtain  
19 payment under their indemnification request within 30 days of the date on which this judgment is  
20 entered.

21 4. Pursuant to the terms of paragraph 3 above, Defendants shall cause to be paid to the  
22 Office of the Attorney General the sum of one million, three hundred and fifty thousand dollars  
23 (\$1,350,000) as costs of the investigation, attorneys' fees, and other expenses related to the  
24 investigation and resolution of this case. This payment shall be designated for the exclusive use  
25 of the Office of the Attorney General for the investigation and prosecution of consumer  
26 protection matters, and for consumer education and outreach.

27 5. Pursuant to the terms of paragraph 3 above, Defendants shall additionally cause to be  
28 paid to the Office of the Attorney General the sum of five million, two hundred thousand dollars

1 (\$5,200,000) for the creation in the Office of the Attorney General of a Foreclosure Crisis  
2 Recovery Fund (the “Fund”). The following conditions govern the disbursement of funds from  
3 the Fund:

4 (a) The Office of the Attorney General shall create a cy pres account upon  
5 receipt of the \$5.2 million dollars, to establish the Fund.

6 (b) The Fund is established to allow the Office of the Attorney General and  
7 other authorized agencies to have access to funds to support activities directed  
8 towards combating the effects of high foreclosure and mortgage delinquency rates  
9 in California. An “authorized agency” means any district attorney, any city  
10 attorney, and any city and county attorney authorized to prosecute violations of  
11 California Business and Professions Code 17200 et seq., as set forth in California  
12 Business and Professions Code section 17206, as well any state, city or county  
13 agency with responsibilities related to consumer education and protection.

14 (c) At its discretion, the Office of the Attorney General may use the Fund to  
15 cover expenses it incurs in the course of investigating and prosecuting misconduct  
16 relating to mortgage origination, mortgage servicing, and foreclosures, and for  
17 consumer education regarding mortgage issues. Misconduct relating to mortgage  
18 origination, mortgage servicing and foreclosures includes but is not limited to  
19 misconduct committed by entities involved in offering or making mortgages,  
20 entities that service mortgages, or any entity that offers, provides, or purports to  
21 provide any services to consumers in, or potentially facing, default or foreclosure  
22 on a mortgage. The Office of the Attorney General, at its discretion, may also use  
23 these funds to develop and implement programs to help neighborhoods impacted  
24 by foreclosure or mortgage default rates. These funds shall solely and exclusively  
25 augment the budget of the Office of the Attorney General and in no manner shall  
26 supplant or cause any reduction of any portion of the Office’s budget.

27 (d) The Office of the Attorney General may also, at its discretion, disburse  
28 monies from the Fund to authorized agencies for use in investigating and

1 prosecuting misconduct relating to mortgage origination, mortgage servicing, and  
2 foreclosures, for consumer education regarding mortgage issues, and for  
3 developing and implementing programs to help neighborhoods impacted by  
4 foreclosure or mortgage default rates. These funds shall be disbursed as grants  
5 approved through an application and award process. These funds shall solely and  
6 exclusively augment the budget of the authorized agency and in no manner shall  
7 supplant or cause any reduction of any portion of the authorized agency's budget.  
8 Authorized agencies may work together with non-profit agencies to expand the  
9 scope of services proposed to be offered through grants provided by the Fund,  
10 provided that the grant application specifically identifies and describes the role to  
11 be played by the non-profit agency. If an authorized agency brings an  
12 investigation or action pursuant to a grant from the Fund, the authorized agency  
13 must (1) include a provision in any settlement agreement which requires the Fund  
14 to be fully reimbursed for the amount of the grant; (2) fully reimburse the Fund  
15 from the money or other consideration received as part of the settlement before  
16 any such money or other consideration is used for any other purpose; and (3) use  
17 its best efforts to reimburse the Fund in full from any monetary recovery ordered  
18 by trial or appellate courts and paid by the defendant(s) in the event the People are  
19 the prevailing party after trial. Except as otherwise expressly agreed in writing by  
20 the committee of the Office of the Attorney General created pursuant to  
21 subparagraph (f) below, any unused or excess funds must be returned to the Fund  
22 within 60 days after the conclusion of the investigation or litigation for which the  
23 grant was provided.

24 (e) Initial applications for grant awards from the Fund shall be due no later  
25 than four months after entry of this Judgment. At its discretion, the Office of the  
26 Attorney General may distribute or otherwise allocate the entire amount of the  
27 Fund in the initial application and award cycle, or reserve all or a portion of the  
28 Fund for future use consistent with subparagraphs (b), (c), and (d), above. If there

1 are any funds remaining after any application and grant cycle, the Office of the  
2 Attorney General shall administer further application and grant award cycles on an  
3 annual basis until the Fund is exhausted, and may also make additional  
4 disbursements or awards from the Fund on an expedited basis if warranted. There  
5 shall be no limits on invasion of principal for purposes of awarding and  
6 distributing grants.

7 (f) The Office of the Attorney General will create a committee to evaluate  
8 applications from authorized agencies seeking to obtain a grant from the Fund.  
9 This committee shall include the Senior Assistant Attorney General of the  
10 Consumer Law Section and the Chief Assistant Attorney General of the Public  
11 Rights Division of the California Attorney General's Office or their designee(s).  
12 This committee shall establish and publish on the internet website maintained by  
13 the Office of the Attorney General the criteria for grant applications no later than  
14 two months after the date this Judgment is entered. The committee will evaluate  
15 grant applications and make recommendations regarding which grant applications  
16 will be funded and the amounts in which they will be funded. The Attorney  
17 General will make the final decision regarding which grant applications will be  
18 funded and the amounts in which they will be funded.

19 (g) No later than eight months from the date of entry of this Judgment, the  
20 Office of the Attorney General will publish on its internet website a report  
21 identifying disbursements or allocations from the Fund, including the names of the  
22 grant recipients and the amounts awarded to each recipient. Every year thereafter  
23 until the Fund is depleted, the Office of the Attorney General shall publish on its  
24 internet website a report detailing disbursements from the Fund since the time of  
25 the preceding report.

26 6. This Judgment constitutes a full resolution, complete settlement, and release of all  
27 claims as between Plaintiff the People the State of California and Defendants Angelo Mozilo and  
28 David Sambol regarding the business practices identified in Plaintiff's Second Amended

1 Complaint in the above captioned action for events occurring before the entry of this Judgment.  
2 No portion of the funds paid pursuant to Paragraphs Four (4) and Five (5) *supra* shall be used to  
3 investigate or prosecute actions against Angelo Mozilo or David Sambol for actions that occurred  
4 prior to entry of this Judgment.

5 7. This Court shall retain jurisdiction over this matter for purposes of enabling any party  
6 to this Judgment to apply to the Court at any time for further orders or directions as may be  
7 necessary or appropriate for the construction or carrying out of this Judgment, for modification of  
8 any of the injunctive provisions of this Judgment, for enforcement or compliance with this  
9 Judgment, and/or for the punishment of any violation of this Judgment.

10 8. This Judgment shall be binding and effective immediately upon entry by the clerk of  
11 this Court, and the clerk is ordered to enter this Judgment forthwith.

12  
13 Date:

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Judge of the Superior Court

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