

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
McALLEN DIVISION

ARACELY ZAMORA-GARCIA, et al.,)
in their own name and right, and on)
behalf of all others similarly situated,)
Petitioners/Plaintiffs,)
v.)
MARC MOORE, DISTRICT)
DIRECTOR FOR INTERIOR)
ENFORCEMENT, DEPARTMENT OF)
HOMELAND SECURITY, et al.,)
Respondents/Defendants.)

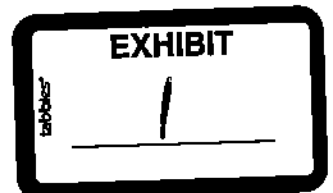
C.A. No. M-05-331

AGREEMENT OF SETTLEMENT

This agreement of settlement is entered into between: (1) Irma Sandoval-Valencia, Dominica Rodriguez, and Deanna Arevalo (“Indemnitor Plaintiffs”), individually and on behalf of the Indemnitor Notice Class (defined herein), and Fairmont Specialty Insurance Company (“Fairmont”), Stonington Insurance Company (“Stonington”), and Michael Padilla, in his capacity as the Independent Administrator of the Estate of Don Vannerson (the “Vannerson Estate”) (collectively, “Defendants”); and (2) Petra Carranza de Salinas (“Ms. de Salinas”), individually and on behalf of the Bonded Immigrant Class (defined herein) and Defendants.

WHEREAS:

A. All capitalized words or terms not otherwise defined herein shall have the meaning for those words or terms as set forth in the section below entitled “Definitions”;



B. By Orders dated April 25, 2007, and October 30, 2008, the Honorable Randy Crane of the United States District Court for the Southern District of Texas (the “Court”) appointed the Indemnitor Plaintiffs to serve as representatives of the Indemnitor Notice Class;

C. By Order dated April 25, 2007, the Court appointed Ms. de Salinas to serve as the representative of the Bonded Immigrant Class;

D. By Order dated April 25, 2007, the Court appointed Class Counsel (defined herein) to represent the Indemnitor Notice Class and the Bonded Immigrant Class;

E. The Sixth Amended Petition for Writ of Habeas Corpus and Class Action Complaint (“Sixth Amended Complaint”) and the Complaint in Intervention on file in this case assert claims against Defendants;

F. Defendants, Fairmont and Stonington’s, First Amended Answer and Counterclaims to Plaintiffs’ Sixth Amended Petition for Writ of Habeas Corpus and Class Action Complaint (“Defendants’ Answer”) asserts counterclaims against Irma Sandoval-Valencia;

G. Class Counsel and Defense Counsel have engaged in arms-length negotiations to resolve the claims of the Class Representatives against Defendants, and to resolve the certified claims of the Indemnitor Notice Class and the Bonded Immigrant Class against Defendants, and the counterclaims against Ms. Sandoval-Valencia, and have now agreed to settle those claims on terms that include financial and non-financial benefits to both classes, as set forth herein;

H. Based upon their independent investigation, the discovery in this case, the relevant substantive law, and the rulings of the Court, Class Counsel and the Indemnitor Plaintiffs have concluded that the terms and conditions of this Settlement Agreement are fair, reasonable, and adequate to the Indemnitor Plaintiffs and the Indemnitor Notice Class, and they have agreed to settle their individual claims and the certified claims of the Indemnitor Notice Class;

I. Based upon their independent investigation, the discovery in this case, the relevant substantive law, and the rulings of the Court, Class Counsel and Ms. de Salinas have concluded that the terms and conditions of this Settlement Agreement are fair, reasonable, and adequate to Ms. de Salinas and the Bonded Immigrant Class, and they have agreed to settle Ms. de Salinas' individual claims and the certified claims of the Bonded Immigrant Class;

J. The determinations by the Class Representatives and Class Counsel that the terms and conditions of this Settlement Agreement are fair, reasonable, and adequate to the Indemnitor Notice Class and the Bonded Immigrant Class are based on: (a) the substantial benefits that the classes will receive from the Settlement; (b) the attendant risks of litigation; and (c) their desire that the Settlement to be consummated as provided by the terms of this Settlement Agreement; and

K. Defendants, on their own behalf and their respective parents, subsidiaries and/or affiliates, deny that they have breached any contractual obligation, violated any law, or engaged in any wrongful conduct, and are entering this Settlement Agreement to avoid the burden, expense, and risk of further litigation.

NOW THEREFORE, without any concession by the Class Representatives and Class Counsel that the claims raised in the Sixth Amended Complaint and the Complaint in Intervention lacked merit, or that the counterclaim against Ms. Sandoval-Valencia had merit, and without any concession by Defendants of any liability or wrongdoing or lack of merit in their defenses, or that the counterclaim against Ms. Sandoval-Valencia lacked merit, it is hereby **AGREED**, by and among the Parties to this Settlement Agreement, through their respective attorneys, subject to approval by the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, in consideration of the benefits flowing to the Parties hereto, that all Settled Claims against Defendants shall be compromised, settled, released and dismissed with prejudice, and without costs, upon and subject to the following terms and conditions:

I. DEFINITIONS

As used hereinafter in this Settlement Agreement, the following terms shall have the following meanings:

A. “Aaron Bonding” means Aaron Federal Bonding Agency, a business name for Don Vannerson.

B. “Additional Notice and Administration Expenses” means any Notice and Administration Expenses incurred that exceed \$25,000.00.

C. “Approved Claimant” means an Indemnitor Class Member whose claim is approved pursuant to the process described in Section IX.

D. “Bonded Immigrant Class” means all persons who fit within the Court’s definition of the Bonded Immigrant Class, set forth in its April 25, 2007, Order:

(a) those who have been released from custody of the Federal Defendants pursuant to surety bonds posted by the Bonding Defendants, and (b) and where the bond is still outstanding.

E. “Bonding Defendant” includes Aaron Bonding, Fairmont, and Stonington, as well as their respective parents, subsidiaries, affiliates, agents, employees past and present, and future, including Michael Padilla.

F. “Claims Administrator” means the firm to be retained jointly by Defense Counsel and Class Counsel, subject to Court approval, which shall process Claims Forms and otherwise assist in administering the Net Indemnitor Fund.

G. “Claims Form” means the form which Indemnitor Class Members shall be required to complete and return to the Claims Administrator in order to substantiate their entitlement to a payment out of the Indemnitor Fund. A copy of the Claims Form is attached hereto as Exhibit 1 and is to be mailed along with the Indemnitor Notice and the Opt-Out Form to the Indemnitor Class Members.

H. “Class Counsel” means Diamond McCarthy LLP (“Diamond McCarthy”), Kozyak Tropin and Throckmorton P.A. (“KTT”), and Lisa S. Brodyaga.

I. “Class Counsel’s Fees and Expenses” means the amount of fees and expenses, if any, approved by the Court and/or any appellate court for payment to Class Counsel, up to \$1,700,000.00 (one million and seven-hundred thousand dollars).

J. “Class Representatives” means the Indemnitor Plaintiffs and Ms. de Salinas.

K. “Deadline for Submission of Claims Forms” means: postmarked 90 days after, and received 100 days after, the Mailing of Notice of Proposed Settlement and Claims Forms.

L. “Defendants” has the meaning set forth above, and it specifically does not include the Federal Defendants to this action and Santiago Sol.

M. “Defense Counsel” means Wright Brown & Close, LLP, Irelan Hargis, PLLC, and Atlas & Hall, LLP.

N. “Effective Date” means the date upon which Final Settlement Approval occurs.

O. “Fees and Expenses Approval Date” means the later of the Effective Date or the date on which the Court approves Class Counsel’s Fees and Expenses, if any, or any appellate court approves Class Counsel’s Fees and Expenses, whichever is later, and the time for any appeal of the last order addressing Class Counsel’s Fees and Expenses has expired.

P. “Immigrant Class Members” means any member of the Bonded Immigrant Class.

Q. “Immigrant Equitable Relief” means Defendants’ agreement to provide notice of their receipt of a Notice to Obligor to Deliver Alien for Deportation to the members of the Bonded Immigrant Class who request such notice, as described in Section XII.

R. “Immigrant Fund” means the \$125,000.00 (one hundred and twenty-five thousand dollars) Defendants will contribute to the Immigrant Fund Cy Pres Beneficiaries as provided in Section II.

S. The “Immigrant Fund Cy Pres Beneficiaries” are named in § XIII and will receive payments as set forth in that section.

T. The “Immigrant Notice” is the Notice of Proposed Settlement, Motion for Attorneys’ Fees, Motion for Service Awards, and Fairness Hearing, to be mailed to the Immigrant Class Members, attached hereto as Exhibit 2.

U. “Indemnitor Class Member” means any person who is a member of the Indemnitor Notice Class and who does not opt out from the Indemnitor Notice Class.

V. “Indemnitor Debt Reduction” means the \$2,000,000.00 (two million dollars) reduction of the total amount of debt allegedly owed by the Indemnitor Notice Class to the Defendants for indemnity payments on breached bonds.

W. The “Indemnitor Disbursements Approval Date” means the date on which the list of Approved Claims is finalized, as set forth in § IX.G.12.

X. “Indemnitor Fund” means the \$1,450,000.00 (one million and four-hundred and fifty thousand dollars) Defendants will pay into the Indemnitor Fund Account as provided in Section II.

Y. “Indemnitor Fund Account” means the account maintained by Fairmont into which the Indemnitor Fund shall be deposited. This account shall be maintained by Fairmont separately from any other accounts Fairmont may have, and Class Counsel will have the ability to review the status of the account (although not the ability to transfer funds into or out of the account, or otherwise manage the account).

Z. The “Indemnitor Fund Cy Pres Beneficiaries” are named in § XI.B and may receive payments as set forth in that section.

AA. The “Indemnitor Notice” is the Notice of Proposed Settlement, Motion for Attorneys’ Fees, Motion for Service Awards, and Fairness Hearing, attached hereto as

Exhibit 3 and to be mailed to the Indemnitor Class Members along with the Opt-Out Form and the Claims Form.

BB. "Indemnitor Notice Class" means all persons who fit within the Court's definition of the Indemnitor Notice Class, set forth in its April 25, 2007, Order:

(a) Those who served or are serving as Indemnitors on a surety bond posted by a Bonding Defendant to secure the release of a Bonded Immigrant detained by the Federal Defendants, and

(b) who have fully paid their upfront, non-reimbursable fees to the Bonding Defendants pursuant to the terms of the bonding contracts, and

(c) where the Bonding Defendant's records indicate that on or after April 16, 1998, it received a "Notice to Obligor to Deliver Alien" indicating that the INS/DHS had scheduled an appearance for the Bonded Immigrant, and where the Bonding Defendant did not provide notice of the requested appearance for deportation to either the Indemnitor or the Bonded Immigrant.

CC. "INS" refers to the Immigration and Naturalization Service and its successor in relevant respects, the Department of Homeland Security ("DHS").

DD. "Master" means the Court's Magistrate Judge or Master appointed by the Court.

EE. "Net Indemnitor Fund" means the Indemnitor Fund less (i) any Service Awards; and (ii) any Additional Notice and Administration Expenses.

FF. "Notice and Administration Expenses" means all expenses incurred in the translation of the Notice and Claims Form into Spanish; the physical preparation and printing of the Notice and Claims Form; providing notice to the members of the Indemnitor Notice Class by mail; and all expenses incurred by the Claims Administrator, including in receiving and reviewing Claims Forms, in making those Claims Forms available to Class

Counsel and counsel for Defendants, and in corresponding with any Indemnitor Class Members. "Notice and Administration Expenses" do not include any attorney's fees.

GG. "Notice and Preliminary Approval Order" means the order preliminarily approving the Settlement and directing notice to the Indemnitor Notice Class and the Bonded Immigrant Class of the Settlement.

HH. "Notice Option Letters" means those letters Defendants will send to persons who are members of the Bonded Immigrant Class as of November 3, 2008, providing them with the option of receiving notice of Defendants' receipt of a Notice to Obligor to Deliver Alien for Deportation.

II. The "Opt Out Form" means the Opt-Out Form attached hereto as Exhibit 4 and to be mailed to the Indemnitor Class Members along with the Indemnitor Notice and the Claims Form.

JJ. "Released Parties" means Defendants and Irma Sandoval-Valencia.

KK. "Service Awards" means any awards made by the Court, and/or any appellate court, in recognition of the Class Representatives' service as class representatives, the risk they incurred in serving as class representatives, and the need to provide incentive to persons to serve as class representatives. Any such Service Awards will not exceed \$10,000.00 per Class Representative.

LL. The "Service Awards Approval Date" means the date on which the Court and/or any appellate court approves any Service Awards to the Class Representatives, if any, and the time for any appeal of the last order addressing Service Awards has expired.

MM. "Settled Claims" means: (1) all claims of the Class Representatives, whether known or unknown, against Defendants, (2) all claims of the Indemnitor Notice Class certified by the Court, and (3) all claims of the Bonded Immigrant Class certified by the Court.

NN. "Zamora Action" means *Aracely Zamora-Garcia v. Moore*, No. 05-331 (S.D. Tex.), pending in the United States District Court for the Southern District of Texas.

II. THE SETTLEMENT CONSIDERATION

A. In full settlement of the Settled Claims of the Indemnitor Plaintiffs and the Indemnitor Notice Class, Defendants shall:

- (1) create the \$1,450,000.00 (one million and four-hundred fifty thousand dollars) Indemnitor Fund, from which:
 - (a) Approved Claimants may seek a monetary award,
 - (b) any Additional Notice and Administration Expenses will be paid,
 - (c) a payment of up to \$200,000.00 (two hundred thousand dollars) to the Indemnitor Fund Cy Pres Beneficiaries may be made, and
 - (d) any Service Awards to the Class Representatives will be paid; and
- (2) provide the \$2,000,000.00 (two million dollars) Indemnitor Debt Reduction; and
- (3) pay Class Counsel's Fees and Expenses up to \$1,700,000.00 (one million and seven-hundred thousand dollars). This amount is separate from the \$1,575,000.00 (one million five-hundred seventy-five thousand dollars) million settlement funds for both classes provided by this Settlement Agreement and from the payment of up

to \$25, 000 (twenty-five thousand dollars) for notice and claim administration expenses.

The payment obligations under this paragraph are joint and several among the Defendants. Upon payment by any Defendant, all other Defendants will be released from any and all payments.

B. In full settlement of the Settled Claims of the Bonded Immigrant Class and certified by the Court, and of all claims Ms. de Salinas brought or may have brought (whether known or unknown), Defendants shall:

- (1) pay \$125,000.00 (one hundred twenty-five thousand dollars) to the Immigrant Fund Cy Pres Beneficiaries, as directed in § XIII;
- (2) provide the Immigrant Equitable Relief, as directed in § XII; and
- (3) pay Class Counsel's Fees and Expenses up to \$1,700,000.00 (one million seven-hundred thousand dollars), as allowed by the Court. This amount covers settlement for both classes. The total amount of attorney's fees and expenses to be paid in this settlement shall, in no event, exceed, \$1,700,000.00 (one million seven-hundred thousand dollars).

The obligations under this paragraph are joint and several among the Defendants. Upon payment by any Defendant, all other Defendants will be released from any and all payments.

C. Summary Schedule of Payments and Other Consideration:

1. Within ten business days after the Effective Date, Defendants will:
 - (a) fund the Indemnitor Fund (*see* § XVI);
 - (b) provide the Indemnitor Debt Reduction (*see* § X);
 - (c) make the \$125,000.00 (one hundred twenty-five thousand dollars) payments to the Immigrant Fund Cy Pres Beneficiaries (*see* § XIII) and
 - (d) send the Notice Option

Letters to the members of the Bonded Immigrant Class; and thereafter provide notice of their receipt of a Notice to Obligor to Deliver Alien to Immigrant Class Members who request notice (*see* § XII).

2. Within ten business days after the Service Awards Approval Date, Defendants will pay any Service Awards approved by the Court (*see* § VII). These payments will be made from the Indemnitor Fund and are not to exceed \$10,000.00 (ten thousand dollars) per Class Representative. Within ten business days of the Indemnitor Disbursements Approval Date, Defendants will: (1) pay the Approved Claims out of the Indemnitor Fund (*see* § IX); (2) make the agreed payments, if any, to the Indemnitor Fund Cy Pres Beneficiaries out of the Indemnitor Fund (*see* § XI); and (3) pay any Additional Notice and Claims Administration Expenses out of the Indemnitor Fund (*see* § IX). Any monies remaining in the Indemnitor Fund after these payments will become the sole property of Defendants, unencumbered by any claim of Class Counsel, the Class Representatives, the Indemnitor Notice Class, or the Bonded Immigrant Class or any obligation imposed by this Settlement Agreement.

3. Until all Notice and Claims Administration Expenses and Additional Notice and Claims Administration Expenses are paid, Defendants will be responsible for making those payments as they come due.

4. Within ten business days of the Fees and Expenses Approval Date, Defendants will pay Class Counsel's Fees and Expenses, as allowed by the Court, and, in no event, shall exceed \$1,700,000.00 (one million seven-hundred thousand dollars). This

payment will not be made from either the Indemnitor Fund, or the Immigrant Fund and Defendants will make such payment directly to Class Counsel as set forth in section VII (B) infra.

III. RELEASES

A. The obligations incurred pursuant to this Settlement Agreement are in full and final disposition of the Settled Claims and the counterclaim against Ms. Sandoval-Valencia.

B. As of the Effective Date, the Class Representatives, the Indemnitor Notice Class Members, and the Bonded Immigrant Class, and each of their respective successors, heirs, executors, trustees, and administrators, by operation of the Final Judgment and Order of Dismissal, do release and forever discharge each and every Settled Claim, as against each and every Bonding Defendant, and shall forever be barred and enjoined from commencing, instituting or maintaining any of the Settled Claims against any of the Defendants.

C. As of the Effective Date, Defendants, on behalf of themselves and each and every of the Defendants, and each of their respective successors, parents, subsidiaries, affiliates, heirs, executors, trustees, and administrators, by operation of the Final Judgment and Order of Dismissal, do release and forever discharge Ms. Sandoval-Valencia of the counterclaim brought against her and shall forever be barred and enjoined from commencing, instituting or maintaining any claim against her relating to any alleged failure to make indemnity payments.

IV. PRELIMINARY APPROVAL

By November 17, 2008, Class Counsel and counsel for Defendants shall apply to the Court for an Order of Preliminary Approval that will:

A. Preliminarily approve this Settlement Agreement as sufficiently fair and reasonable as to warrant sending the Immigrant Notice to the Immigrant Class Members and sending the Indemnitor Notice, the Opt-Out Form, and the Claims Form to the Indemnitor Class Members;

B. Schedule the Fairness Hearing to be held on such date as the Court may direct to consider the fairness, reasonableness, and adequacy of the proposed Settlement and whether it should be approved by the Court;

C. Require each Indemnitor Class Member who wishes to object to the fairness, reasonableness or adequacy of this Settlement Agreement to deliver to Class Counsel and Defense Counsel and to file with the Court by the date specified in the Notice of Proposed Settlement, which will be no less than 21 days before the Fairness Hearing, or at such other time as the Court may direct, a statement of such objection, as well as the specific reasons for each objection, including any legal support the Indemnitor Class Member wishes to introduce in support of each such objection, or be forever barred from objecting. The Indemnitor Class Members will also have an opportunity to “opt” out of the class by submitting an Opt-Out Form to the Claims Administrator 21 days before the Fairness Hearing.

D. Require any Indemnitor Class Member or Immigrant Class Member who files and serves a written objection and who intends to make an appearance at the Fairness

Hearing, either in person or through counsel at that Class Member's expense, to deliver to Class Counsel and Defense Counsel and file with the Court by the date specified in the Indemnitor Notice and the Immigrant Notice, which will be no less than 14 days before the Fairness Hearing, or as the Court may otherwise direct, a notice of intention to appear and a statement identifying any documents the Class Member will seek to introduce or witnesses the Class Member will seek to call at the Fairness Hearing;

E. Direct Class Counsel and Defense Counsel to promptly furnish each other with copies of any and all objections to the Settlement Agreement that might come into their possessions and that are not filed with the Court;

F. Find that the Immigrant Notice, the Notice Option Letters, the Indemnitor Notice, the Opt-Out Form, and the Claims Form and the notice methodology implemented pursuant to the Settlement Agreement to distribute these documents constitutes notice that is reasonably calculated, under the circumstances, to apprise the Indemnitor Class Members and the Immigrant Class Members of the terms of the Settlement Agreement, their right to object or to opt out from the proposed Settlement Agreement, and their right to appear at the Fairness Hearing, and that the Immigrant Notice, the Notice Option Letters, the Indemnitor Notice, the Opt-Out Form, and the Claims Form and the notice methodology met all applicable requirements of the Federal Rules of Civil Procedure and the United States Constitution;

G. Approve the retention of the Claims Administrator;

H. Direct Defendants to proceed with the Notice Program, detailed herein, no less than 56 days before the Fairness Hearing; and

I. Direct Class Counsel to cause the Immigrant Notice, the Indemnitor Notice, the Claims Form, and the Opt-Out Form to be posted on the Class Website (www.INSBondclassaction.com) no later than 56 days before the Fairness Hearing.

V. **NOTICE TO CLASS MEMBERS OF PROPOSED SETTLEMENT AND DISTRIBUTION OF CLAIMS FORM**

A. The Claims Administrator will send the following notices and forms to the Indemnitor Class Members in English and Spanish:

- The Indemnitor Notice, attached hereto as Exhibit 3;
- The Opt-Out Form, attached hereto as Exhibit 4 and
- The Claims Form, attached hereto as Exhibit 1.

B. The Claims Administrator will send the Immigrant Notice to the Immigrant Class Members in English and Spanish.

C. The forms of the documents referred to in subsections A and B have been agreed to by the parties. After preliminary approval of the Settlement Agreement, Defendants will have official Spanish translations of these documents prepared.

D. These documents have blanks for dates that will depend on the date set by the Court for the Fairness Hearing. Defendants will complete the Immigrant Notice, the Indemnitor Notice, the Claims Form, and the Opt-Out Form, with the addition of the dates derived from the date for the Fairness Hearing as set by the Court. The dates to be set are as follows:

- Fairness Hearing
- Deadline for Notice of Appearance by Objecting Class Member or Class Member's Counsel: 14 days prior to Fairness Hearing

- Deadline for Objections to Settlement Agreement or opting out of the class: 21 days prior to Fairness Hearing
- Deadline for Mailing Notices, Claims Forms, and Opt-Out Forms: 56 days prior to Fairness Hearing
- Deadline for Submission of Claims Forms: postmarked 90 days after, and received 100 days after, the Mailing of Notice of Proposed Settlement and Claims Forms

E. No later than 56 days before the Fairness Hearing, the Claims Administrator will send a copy of the Indemnitor Notice, the Opt-Out Form, and the Claims Form, in English and Spanish, via U.S. Mail to each Indemnitor Class Member at the last known address as found in Defendants' records, for each Indemnitor Class Members. No later than 56 days before the Fairness Hearing, the Claims Administrator will send a copy of the Immigrant Notice, in English and Spanish, via U.S. Mail to each Immigrant Class Member at the last known address, as found in Defendants' records, for each Immigrant Class Member. No later than 56 days before the Fairness Hearing, Class Counsel will post a copy of the Notice of Proposed Settlement and the Claims Form, in English and Spanish, on the Class Website (www.INSBondclassaction.com).

F. No party or lawyer will engage in any public communication to encourage or discourage the making of claims other than as set forth in the notice: provided however, notwithstanding anything to the contrary if the class counsel are contacted by the class members they are free to assist them in any way they feel appropriate.

VI. CLAIMS ADMINISTRATOR

A. Subject to approval by the Court, the parties have agreed that they will retain _____ as a neutral Claims Administrator.

B. The Claims Administrator may assist with various administrative tasks, including, without limitation: (1) mailing the Immigrant Notice, the Indemnitor Notice, the Claims Forms, and the Opt-Out Form; (2) handling returned mail not delivered to Class Members; (3) forwarding written inquiries from Class Members to Class Counsel or their designee(s); (4) receiving and retaining any correspondence from Class Members; (5) receiving and maintaining Claims Forms from Indemnitor Class Members; (6) making available to Class Counsel and Defense Counsel copies of Claims Forms and correspondence received from Indemnitor Class Members; and (7) reviewing Claims Forms to make an initial determination as to whether the claim should be an Approved Claim and the amount of compensation the claimant should receive.

VII. ATTORNEYS' FEES AND EXPENSES AND SERVICE AWARDS

A. Class Counsel shall apply to the Court for an award of attorneys' fees and expenses in the amount of \$1,700,000.00 (one million seven-hundred thousand dollars). Class Counsel shall make their application at least 30 days in advance of the Fairness Hearing. After arms-length negotiations, Defendants have agreed to pay, subject to Court approval, Class Counsel's fees and expenses up to \$1,700,000.00 (one million seven-hundred thousand dollars). Any award of attorneys' fees and expenses will not be paid from the Indemnitor Fund or the Immigrant Fund.

B. Defendants will pay the Attorneys' Fees and Expenses awarded by the Court by wire transfer, to the following account:

AmegyBank of Texas
Houston, TX 77002
ABA# 113011258

FOR THE BENEFIT OF: Diamond McCarthy LLP
IOLTA Client Trust Account
Two Houston Center
909 Fannin; Suite 1500
Houston, TX 77010

Account # 0000166073

C. Defendants will pay the Attorneys' Fees and Expenses awarded by the Court within ten business days after the Fees and Expenses Approval Date.

D. Class Counsel will share the attorneys' fees and expenses with the Law Offices of Christopher Nolland ("Nolland"), who served as settlement counsel in this litigation and negotiated this Settlement Agreement on behalf of the Class Representatives, the Indemnitor Notice Class, and the Bonded Immigrant Class. Class Counsel will distribute any payment of attorneys' fees and expenses among themselves and Nolland as follows:

1. Class Counsel's expenses will be paid first out of Class Counsel's Fees and Expenses. As of November 14, 2008, Class Counsel had incurred expenses (including expenses incurred hiring temporary workers to review files) totaling \$482,358 (\$401,367 by Diamond McCarthy; \$79,967 by KTT; and \$811 by Lisa Brodyaga).

2. From the amount of Class Counsel's Fees and Expenses remaining after accounting for expenses (presently \$1,217,856), 5% (presently \$60,893) will be paid to Nolland and \$25,000.00 to Ms. Brodyaga.

3. The amount remaining after the preceding reductions (presently \$1,131,963) will be split between Diamond McCarthy and KTT based on the amount of

fees each has incurred. As of November 14, 2008, Diamond McCarthy has incurred \$1,461,863 in fees, and KTT has incurred \$173,004.80 in fees. Under the current fees incurred, Diamond McCarthy would receive 89.42% of the amount remaining in fees (or \$1,012,201), and KTT would receive 10.58% (or \$119,762).

4. Although the methodology described above will not change, the amounts may change as additional expenses and fees are incurred.

E. The Class Representatives will apply for Service Awards in the amount of \$10,000.00 (ten thousand dollars) each. Defendants will not oppose the application for Service Awards so long as the Class Representatives do not seek more than \$10,000.00 each. The Class Representatives will make their application at least 30 days in advance of the Fairness Hearing. These awards will be paid out of the Indemnitor Fund.

F. Defendants will pay the Service Awards by check made out to the recipients and mailed to the recipients c/o Class Counsel at the address below:

J. Benjamin King
Diamond McCarthy LLP
1201 Elm St., Suite 3400
Dallas, TX 75270

G. Defendants will pay the Service Awards within ten business days after the Service Awards Approval Date. The obligation to make the payments of the Service Awards is a joint and several obligation of the Defendants. Upon payment by any Defendant, all other Defendants will be released from any other payments of Service Awards.

VIII. OBJECTIONS TO THE PROPOSED SETTLEMENT AGREEMENT AND TO REQUESTS FOR ATTORNEYS' FEES AND EXPENSES AND SERVICE AWARDS

A. Any Class Member who wishes to object to the fairness, reasonableness or adequacy of this Settlement Agreement, or to Class Counsel's Motion for Attorneys' Fees and Expenses, or to the Class Representatives' Motion for Service Awards must, by the date specified in the Immigrant Notice and the Indemnitor Notice (which will be no later than 21 days before the Fairness Hearing or such other time as the Court may direct) deliver to Class Counsel and Defense Counsel and file with the Court a statement of such objection, as well as the specific reasons for each objection, including any legal support the Class Member wishes to bring to the Court's attention or any evidence the Class Member wishes to introduce in support of each such objection. Class Members may object on their own or through counsel hired at their own expense. Indemnitor Class Members also have the option to opt out of the class settlement.

B. Any Class Member who files and serves a written objection and who intends to make an appearance at the Fairness Hearing, either in person or through counsel at that Class Member's expense, must deliver to Class Counsel and Defense Counsel and file with the Court by the date specified in the Notice of Proposed Settlement, which will be no later than 14 days before the Fairness Hearing, or as the Court may otherwise direct, a notice of intention to appear and a statement identifying any documents the Class Member will seek to introduce or witnesses the Class Member will seek to call at the Fairness Hearing.

C. Any Class Member who fails to comply with subsections A and B of this § VIII shall waive and forfeit any and all rights that Class Member may have to appear separately or object, or to take any appeal of the orders of judgment in this action, and shall be bound by all terms of this Settlement Agreement, should there be a Final Settlement Approval.

D. Class Counsel and Defense Counsel will promptly furnish each other with copies of any and all objections to the Settlement Agreement that might come into their possessions and that are not filed with the Court.

IX. CLAIMS PROCESS

A. As noted above, Defendants will mail a copy of the Claims Form, in English and Spanish, along with the Indemnitor Notice and the Opt-Out Form, to the Indemnitor Class Members no later than 56 days prior to the Fairness Hearing. Defendants will also include a pre-addressed, postage-prepaid envelope that the Indemnitor Class Members may use to return their Claims Forms or Opt-Out Forms.

B. All Indemnitor Class Members who wish to claim any portion of the recovery under this Settlement Agreement must return a Claims Form by the Deadline for Submission of Claims. Any Indemnitor Class Member who fails to timely submit a valid Proof of Claim will not be entitled to receive any of the proceeds of the Net Indemnitor Fund but will be otherwise bound by the terms of the Settlement Agreement, including the terms of any Final Judgment and Order of Dismissal entered in the *Zamora* Action and the releases provided for herein, and will be barred from bringing any action against Defendants concerning the Settled Claims, unless that Indemnitor Class Member opts out.

C. The Notice of Proposed Settlement, the Claims Form, and the pre-addressed envelope will encourage the Indemnitor Class Members to return the Claims Form to the Claims Administrator. However, if an Indemnitor Class Member returns a Claims Form to Class Counsel, Class Counsel will forward that Claims Form to the Claims Administrator, which will treat the Claims Form as if it were sent to the Claims Administrator by the Indemnitor Class Member as of the date received by the Class Counsel.

D. The following persons will be eligible to receive an award:

1. Persons who were indemnitors on bonds posted by Aaron Bonding;
and
2. Where the up-front fees on the bonding contract were paid in full;
and
3. Where the Defendants' records indicate that on or after April 16, 1998, and on or before November 3, 2008, any of the Defendants received a "Notice to Obligor to Deliver Alien" (I-340) indicating that the INS/DHS had scheduled an appearance for deportation for the immigrant on the bond.

E. In determining which claimants are eligible, the following apply:

1. Class Counsel will provide Defense Counsel and the Claims Administrator with spreadsheets that are agreed to by the parties and that set forth the names of the indemnitors, the amount of up-front fees paid, the percentage of the bond paid as up-front fees, whether Aaron Bonding's files indicate that it received a Notice to Obligor to Deliver Alien for the immigrant on each bond, and the date Aaron Bonding received any such Notice to Obligor to Deliver Alien. The Claims Administrator will use these

spreadsheets in making an initial determination as to whether a claimant is eligible. However, the underlying bond files maintained by Aaron Bonding will control the ultimate determination of which claimants are eligible in the event of a disagreement between the parties as to eligibility.

2. To determine the amount of up-front fees charged, the following apply:

a. If, according to the spreadsheets provided by Class Counsel, the amount of fees paid is equal to 40% or more of the bond, the Claims Administrator will assume that the fees paid were the fees charged.

b. If either party decides to look beyond the spreadsheets to determine the amount of fees charged and the amount of fees paid, the following apply:

i. The primary document the parties will look to in determining the amount of up-front fees charged is the "Billing Analysis" document found in most bond files. For files in which the "Billing Analysis" document is not found, the parties will look to the percentage of the bond charged as a fee set forth in the "Consent to Rate" applications, also found in most files. For files in which neither a Billing Analysis nor a Consent to Rate document is found, the parties may review the file generally to determine the amount of up-front fees charged.

ii. The up-front fees charged by Aaron Bonding are separate from the processing fees charged by Aaron Bonding. The processing fees charged are irrelevant to the claims process.

iii. In determining whether the up-front fees were paid, the parties will look to the Western Union transfer records, the handwritten receipts in the files, and any other evidence found in the files.

3. In determining whether and when Aaron Bonding received a Notice to Obligor to Deliver Alien for deportation, the Claims Administrator will look first to the spreadsheets agreed to by the parties and provided by Class Counsel. If either party decides to look beyond the spreadsheets and examine the bond file with regard to whether and when Aaron Bonding received a Notice to Obligor to Deliver Alien, the party will look first for the actual Notice to Obligor to Deliver Alien. However, if the actual form is not in the file, the parties may consider other documents in the file which may evidence Aaron Bonding's receipt of a Notice to Obligor to Deliver Alien requiring the surrender of the immigrant for his or her deportation.

4. In determining who is the indemnitor on a bond, the Claims Administrator will look to the spreadsheets provided by Class Counsel. If either party decides to look beyond the spreadsheets and examine the bond file with regard to who is an indemnitor on a bond, the critical inquiry is who signed the contract documents with Aaron Bonding and Fairmont or Stonington.

5. Defendants may only be required to make one award per bond. In the event that there are two indemnitors on a single bond file, and both indemnitors file claims, the parties will confer to reach an equitable determination as to which indemnitor will receive an award, and in what amount. Should the parties not be able to reach an agreement, they agree that the Court should submit this dispute to a Master.

F. In determining the amount of an award, the following apply:

1. The Billing Analysis documents found in most files contain the following line item: "MONITORING PROGRAM INCLUDING CHECK-INS, COURT DATE NOTIFICATIONS, ETC." A portion of the up-front fee is attributed to this line item. That portion is known herein as the "Monitoring Fee." On files where no Billing Analysis document is found, the Monitoring Fee will be 41% of the up-front fee.

2. Eligible claimants on bond files where a Defendant received a Notice to Obligor to Deliver Alien for deportation between April 16, 1998, and September 30, 2001, may receive an award of 20% of the Monitoring Fee. Eligible claimants on bond files where a Defendant received a Notice to Obligor to Deliver Alien for deportation between October 1, 2001, and November 3, 2008, may receive an award of 80% of the Monitoring Fee. In the event there is no Billing Analysis sheet in a particular bond file, the parties will stipulate as to the amount as 41 % of the upfront fee paid for that particular bond.

3. The spreadsheets agreed to by the parties will also contain information regarding the amount of the Monitoring Fee on each bond file. The Claims Administrator will refer to these spreadsheets in assessing the amount of an award. However, in the event of a dispute between the parties about the amount of an award, the underlying bond files and not the spreadsheet will control the determination.

G. The following protocol shall apply to the claims and payment process:

1. Each Indemnitor Class Member shall be required to submit a Claims Form signed under penalty of perjury and to provide identification or evidence

indicating that the person submitting the Claims Form is the person named as an Indemnitor Class Member in the Claims Form.

2. Each Indemnitor Class Member shall be required to identify by name and other information (such as birthdate, "A-number," relationship to the immigrant, etc.) regarding the immigrant on the bond the Indemnitor Class Member indemnified.

3. The Claims Administrator will make available each Claims Form and supporting information to Class Counsel and Defense Counsel, preferably by posting such documents on a secured web site accessible to counsel.

4. The Claims Administrator will review the Claims Forms and supporting information to determine in the first instance, in accordance with this Settlement Agreement and information regarding the Indemnitor Class Members furnished by the parties, which claims should be approved and which should be rejected.

5. Claims Form that do not meet the submission requirements may be rejected. Prior to determining that a Claims Form should be rejected, the Claims Administrator shall submit these forms to the counsel of the respective parties for further determination as to whether such claim can be cured or whether the claim shall be rejected.

6. Thirty (30) business days after the Deadline for Submission of Claims Forms, the Claims Administrator will submit to Class Counsel and Defense Counsel a list of claims the Claims Administrator recommends approving and a list of claims the Claims Administrator recommends rejecting. For the claimants in both lists, the Claims Administrator will make an initial determination as to the amount of the claimant's award

in accordance with Section IX.F, should the claim ultimately be approved. These lists are referred to herein as the “Administrator’s Initial Determinations.”

7. Within fifteen (15) business days of the submission of the Administrator’s Initial Determinations to the parties, either party may contact the other and the Claims Administrator via electronic mail to note any objection to the Administrator’s Initial Determinations. All determinations in the Administrator’s Initial Determinations that neither party objects to within fifteen (15) business days will be final and binding.

8. After the exchange of objections, if any, to the Administrator’s Initial Determinations, the parties will work in good faith to resolve the objections. If the parties agree to alter any initial determination by the Claims Administrator, the alteration will be made. Where a claimant’s Claims Form is defective, Class Counsel may attempt to obtain more information from the claimant through communication, but may not encourage or discourage the claimant from making a claim.

10. Should Class Counsel and Defense Counsel be unable to resolve any objections to the Administrator’s Initial Determinations, either party may petition the Court for the appointment of a Master who will hear the positions of both parties and make a binding determination as to whether the Administrator’s Initial Determination should be altered. The parties will work with the Master to establish a protocol that will result in an efficient resolution of the objections. If the party lodging an objection fails to petition the Court for the appointment of a Master within 30 business days of the Claims Administrator’s submission to the parties of the Administrator’s Initial Determinations, the

objection will be deemed waived and the Administrator's Initial Determination as to any such claim will be binding.

11. Within 5 business days of the resolution of any objections by either agreement of the parties or ruling by a Master, the Claims Administrator will prepare an Excel spreadsheet listing the Approved Claims, the amount of each Approved Claim, the name of the claimant, and the address to which payment should be sent. This list will be known herein as the "Approved Claims List."

12. Within 10 business days of the Claims Administrator's preparation of the Approved Claims List, the Claims Administrator will prepare an invoice for its unpaid fees and expenses and a binding estimate of fees and expenses the Claims Administrator will incur in distributing awards to the Approved Claimants. This invoice and this binding estimate will be included by the parties in their calculation of the Net Indemnitor Fund. The "Indemnitor Disbursements Approval Date" will be 10 business days from the day the Claim Administrator provides its final invoice and binding estimate of remaining fees and expenses.

13. If the Net Indemnitor Fund exceeds the total amount of Approved Claims, then within 10 business days of the Indemnitor Disbursements Approval Date, the Claims Administrator and Defendants will pay the full amount of the Approved Claims. If the total amount of Approved Claims exceeds the Net Indemnitor Fund, the parties will reduce each Approved Claim on a pro rata basis so that the total Approved Claims equals the Net Indemnitor Fund, and the Claims Administrator and Defendants will pay the

adjusted amount of the Approved Claims within 10 business days of the Indemnitor Disbursements Approval Date.

H. Class Counsel and Defense Counsel shall be responsible for supervising the administration of the Settlement Agreement and disbursement of the Net Indemnitor Fund.

I. Class Counsel and Defense Counsel shall work together in good faith in an attempt to resolve any disputes regarding the administration of the Settlement Agreement and disbursement of the Net Indemnitor Fund. Should a dispute arise regarding the administration of the Settlement Agreement and disbursement of the Net Indemnitor Fund arise that Class Counsel and Defense Counsel cannot resolve, they will submit their dispute to a Master, to be appointed by the Court, who will resolve the dispute and whose decision will be binding on the parties.

X. INDEMNITOR DEBT REDUCTION

A. Many of the bonds on which the Indemnitor Class Members served as indemnitors breached, and many of these persons have not paid in full the indemnity Defendants claim is owing on these bonds. As part of the consideration for the release of claims, Defendants will provide \$2,000,000.00 (two million dollars) in debt reduction to the Indemnitor Class Members to be applied pro rata across to every Member. This debt reduction will be referred to herein as the “Indemnitor Debt Reduction.”

B. The Indemnitor Class Members do not need to submit Claims Forms in order to receive this benefit. Defendants will provide the Indemnitor Debt Reduction regardless of whether an Indemnitor Class Member submits a Claims Form.

C. Defendants will provide Class Counsel with a spreadsheet listing all of the Indemnitor Class Members, the amount of indemnity each allegedly owes absent the Indemnitor Debt Reduction, and the amount of indemnity each allegedly owes after adjustment for the Indemnitor Debt Reduction (the “Adjusted Indemnity Obligations”).

D. Ten business days after the Effective Date, Defendants may only collect indemnity payments from the Indemnitor Class Members up to each Indemnitor Class Member’s Adjusted Indemnity Obligation, plus any fees, costs, or interest as may be provided by contract or by law.

XI. INDEMNITOR FUND CY PRES BENEFICIARIES AND REVERSION

A. Any funds remaining in the Indemnitor Fund after: (i) the payment of any Approved Claims; (ii) the payment of any Additional Notice and Administration Expenses; and (iii) the payment of any Service Awards will be referred to herein as the “Indemnitor Fund Remainder.”

B. Up to \$200,000.00 of any of the “Indemnitor Fund Remainder” will be paid to the Immigrant Cy Pres Fund Beneficiaries in the following way:

1. The first \$50,000.00 (fifty-thousand dollars) of any Indemnitor Fund Remainder will be paid to ProBar for that organization’s bond fund.

2. The second \$50,000.00 (fifty thousand dollars) of any Indemnitor Fund Remainder will be paid to the Texas Lawyers’ Committee on Human Rights.

3. The third \$50,000.00 (fifty thousand dollars) of any Indemnitor Fund Remainder will be paid to. Texas Rural Legal Aid.

4. The fourth \$50,000.00 (fifty thousand dollars) of any Indemnitor Fund Remainder will be paid to Texas Catholic Charities' Texas Center for Immigrant Legal Assistance.

C. To receive the payments set forth in §XI.B, the Indemnitor Fund Cy Pres Beneficiaries must provide proof to Class Counsel and Defense Counsel of their status as non-profit organizations. Their ability to receive payments is subject to Court approval. Should any party determine that any Indemnitor Cy Pres Fund Beneficiary should not receive a payment for any reason, that party may petition the Court to have that Beneficiary removed, and the remaining amount will be allocated among the remaining Beneficiaries will be eligible for payments as if the removed Beneficiary had never been listed in this Settlement Agreement.

D. Defendants will make the payments to the Indemnitor Fund Cy Pres Beneficiaries within ten business days of the Indemnitor Disbursements Approval Date.

E. The "Closing Date" will be the day after the payments described in the preceding subsections of this § XI are made.

F. After the Closing Date, any remainder in the Indemnitor Fund will revert to Defendants.

XII. NOTICE TO IMMIGRANTS

A. Within ten business days of the Effective Date, Defendants will send a letter, in English and Spanish (the "Notice Option Letter"), to the last known address to each Immigrant Class Member. The letter will be sent via U.S. Mail. A copy of the letter

is attached hereto as Exhibits 5 . Defendants will include with the letter a form, attached hereto as Exhibits 6, and a pre-addressed, postage-prepaid envelope.

B. The letter will inform the Immigrant Class Member that Defendants will provide the Immigrant Class Member with notice of their receipt of a Notice to Obligor to Deliver Alien (I-340) for deportation, if the Immigrant Class Member fills out and returns the form provided.

C. For each Immigrant Class Member who elects to have notice sent, Defendants will send such notice to the Class Member within 3 business days of their receipt of a Notice to Obligor to Deliver Alien for deportation.

D. For those Immigrant Class Members who do not elect to have notice sent, Defendants will proceed as they see fit with respect to providing notice of their receipt of a Notice to Deliver Alien for deportation.

E. Defendants will maintain records of which Immigrant Class Members request notice, which Immigrant Class Members Defendants provide with notice, and all Notices to Obligor to Deliver Alien Defendants receive after Final Settlement Approval.

XIII. IMMIGRANT FUND CY PRES PAYMENTS

A. Within 10 business days of the Effective Date, Defendants will make the following payments, totaling \$125,000.00 (one-hundred twenty-five thousand dollars), to the Immigrant Cy Pres Beneficiary: St. Mary's University School of Law, Clinical Education Program, Immigrant and Human Rights Clinic.

B. To receive the payments set forth in §XII.A, the Immigrant Fund Cy Pres Beneficiary must provide proof to Class Counsel and Defense Counsel of its status as a

non-profit organization. Its eligibility to receive payments is also subject to Court approval. If the Court determines that the Immigrant Fund Cy Pres Beneficiary should not receive a payment for any reason, a substitute Beneficiary will be nominated by Class Counsel for approval by the Court.

XIV. MOTION FOR FINAL JUDGMENT AND ORDER OF DISMISSAL

If the Settlement contemplated by this Settlement Agreement is preliminarily approved by the Court, Class Counsel and Defense Counsel shall jointly request that the Court enter a Final Judgment and Order of Dismissal. Class Counsel and Defense Counsel shall request that such Final Judgment and Order of Dismissal shall:

A. Include a provision permanently barring and enjoining the Class Representatives from filing, commencing, prosecuting or maintaining, either directly or indirectly, in any court, forum, or tribunal, any Settled Claim;

B. Include a provision permanently barring and enjoining Defendants from filing, commencing, prosecuting or maintaining, either directly or indirectly, in any court, forum, or tribunal, the counterclaim against Ms. Sandoval-Valencia;

C. Approve this Settlement Agreement as fair, reasonable, and adequate, and in the best interests of the Indemnitor Class Members;

D. Dismiss the claims of the Class Representatives, the Indemnitor Notice Class, and the Bonded Immigrant Class with prejudice, without fees or costs to any party except as provided in this Settlement Agreement;

E. Dismiss the counterclaim against Ms. Sandoval-Valencia with prejudice, without fees or costs to any party except as provided in this Settlement Agreement;

F. Without affecting the finality of the Final Judgment and Order of Dismissal, retain jurisdiction as to all matters relating to the administration, consummation, enforcement, and interpretation of this Settlement Agreement and the Final Order and Judgment Approving Settlement, and for any other necessary purpose; and

G. Incorporate any other provisions that the Court deems necessary and just.

XV. FINAL SETTLEMENT APPROVAL

This Settlement Agreement shall become final, and Final Settlement Approval shall be had, upon the occurrence of all the following events without the prior termination of this Settlement Agreement: (i) the final approval of this Settlement Agreement in all material respects by the Court; and (ii) expiration of the time for further judicial review, or the time to seek permission for further judicial review, of the Court's approval of this Settlement Agreement, and the Court's entry of the Final Judgment and Order of Dismissal, without the filing of a request for further judicial review, or, if such further judicial review or effort to seek permission for such further judicial review is sought, (A) such further judicial review or effort to seek permission for such judicial review has been dismissed and the time to seek any further judicial review has expired, or (B) approval of this Settlement Agreement and the Final Judgment and Order of Dismissal have been affirmed in their entirety by the court of last resort from which further judicial review has been sought and such affirmance has become no longer subject to the possibility of further judicial review. For avoidance of doubt, Final Settlement Approval may occur notwithstanding the actual or potential filing of any request for further judicial review that concerns only an award of attorneys' fees and expenses by the Court, any request for Service Awards to the Class

Representatives, and/or any issues regarding the allocation of the Net Indemnitor Fund among claimants to that fund.

XVI. THE INDEMNITOR FUND

A. Defendants will fund the Indemnitor Fund within ten business days of the Effective Date. The Indemnitor Fund will be held in the Indemnitor Fund Account.

B. After the Closing Date, this Settlement Agreement will impose no restrictions on Defendants' use of any monies remaining in the Indemnitor Fund.

C. If there are any reductions or disbursements from the Indemnitor Fund prior to the Closing Date other than those provided for in this Settlement Agreement, Defendants are solely responsible for replenishing the Indemnitor Fund to make up for any such reductions or disbursements. By way of example, should the Indemnitor Fund be reduced because of embezzlement or bank failure, Defendants must replenish the Indemnitor Fund to the level it would have had absent embezzlement or bank failure. If any Defendant incurs tax liability because of interest earned on the Indemnitor Fund, Defendants must pay that tax liability; it may not be paid from the Indemnitor Fund.

XVII. MISCELLANEOUS

A. Best Efforts to Effectuate this Settlement. Class Counsel and Defense Counsel agree to cooperate fully with one another in seeking Preliminary Approval and Final Settlement Approval, and to promptly agree upon and execute all such other documentation as reasonably may be required to obtain final approval by the Court of the Settlement Agreement.

B. Termination of the Settlement Agreement.

1. The terms and provisions of this Settlement Agreement will terminate at the sole option and discretion of Defendants or the Class Representatives if the Court, or any appellate court(s), rejects, modifies, or denies approval of any portion of the Settlement Agreement. The terminating party must exercise the option to withdraw from and terminate this Settlement Agreement no later than 7 days after receiving notice of the event prompting the termination.

2. Notwithstanding the preceding subsection, the Class Representatives may not terminate this Settlement Agreement solely because of the amount of Class Counsel's Fees and expenses awarded by the Court or any appellate court(s).

3. If this Settlement Agreement is terminated pursuant to this Section, then (a) except for this subsection, this Settlement Agreement shall be null and void and shall have no force or effect; (b) this Settlement Agreement, all of its provisions, and all negotiations, statements, and proceedings relating to it shall be without prejudice to the rights of Defendants, the Class Representatives, the Indemnitor Notice Class, or the Bonded Immigrant Class, all of whom shall be restored to their respective positions existing immediately before the execution of this Settlement Agreement; and (c) neither this Settlement Agreement, nor the fact of its having been made, shall be admissible or entered into evidence in the *Zamora* Action or in any other case.

C. Entire Agreement. No representations, warranties, or inducements have been made to any of the parties to this Settlement Agreement, other than those

representations, warranties, and covenants expressly set forth in this Settlement Agreement. This Settlement Agreement and the exhibits attached hereto constitute the entire agreement between the parties with regard to the subject matter contained herein, and all prior negotiations and understandings between the parties shall be deemed merged into this Settlement Agreement. The parties agree that they are not relying on any representation other than those in this Settlement Agreement.

D. Governing Law. This Settlement Agreement shall be governed by and interpreted according to the law of the State of Texas.

E. Computation of Time. All time periods set forth in this Settlement Agreement shall be computed in calendar days unless otherwise expressly provided. In computing any period of time prescribed or allowed by this agreement or by order of Court, the day of the act, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, a Sunday or a legal holiday, or, when the act to be done is the filing of a paper in court, a day in which weather or other conditions have made the office of the Clerk of the Court inaccessible, in which event the period shall run until the end of the next day that is not one of the aforementioned days. Each of the parties reserves the right, subject to the Court's approval, to seek any reasonable extensions of time that might be necessary to carry out any of the provisions of this agreement, and to modify or supplement any notice contemplated hereunder.

F. Notice. Except as otherwise set forth herein, whenever this agreement requires or contemplates that the parties, or any of them, shall or may give notice to the

other, notice shall be provided as follows:

If to plaintiffs or to a class member, then to:

Tucker Ronzetti
Kozyak Tropin & Throckmorton
2525 Ponce de Leon Blvd. 9th Floor
Coral Gables Fl 33134

Email: tr@kttlaw.com

and

J. Benjamin King
Diamond McCarthy LLP
1201 Elm St., Suite 3400
Dallas, TX 75270
bking@diamondmccarthy.com

and

William T. Reid, IV
Diamond McCarthy LLP
6504 Bride Point Parkway
Suite 400
Austin, TX 78730
breid@diamondmccarthy.com

If to Defendants, then to:

Howard Louis Close
Thomas C. Wright
Wright Brown & Close, LLP
Three Riverway, Suite 600
Houston, Texas 77056
713.572.4321 Telephone
713.572.4320 Facsimile
close@wrightbrownclose.com
wright@wrightbrownclose.com

and

Bradford W. Irelan
Irelan Hargis, PLLC
440 Louisiana, Suite 1800

Houston, Texas 77002-1652
Telephone: (713) 222-7666
Facsimile: (713) 222-7669

and

Daniel K. Worthington
Atlas & Hall, LLP
818 Pecan Blvd.
P. O. Box 3725
McAllen, Texas 78501
Telephone: (956) 682-5501
Facsimile: (956) 686-6109

G. Authority of Signatories. The person signing this agreement on behalf of each party represents, warrants, and covenants that he or she has the authority to sign this agreement on behalf of the party and bind the party to the agreement. Each signer further represents that his or her signature binds the party to the terms and conditions of this agreement.

H. Attorneys Consulted. The parties have fully discussed the terms of and meaning of the signing of this agreement with their respective attorneys and fully understand all of the provisions and effects of this agreement.

I. No Admission or Waiver. The parties enter into this agreement solely to terminate all controversies regarding the matters settled and compromised, and to avoid expenses, inconvenience, and further litigation, without any admission of any liability whatsoever by Defendants. Neither this Settlement Agreement, any exhibit or document referenced herein, and/or attached hereto (all of which are an integral part of the Settlement Agreement and are hereby incorporated in their entirety by reference), nor any action taken

to reach, effectuate, or further this Settlement Agreement are, may be construed as, or may be used as an admission by or against the parties or any of them, or any fault, wrongdoing or liability whatsoever as a waiver or limitation of any defenses otherwise available to the parties or any of them, or as an admission, recognition or statement as to the proper calculation of damages.

By: _____ Date: _____
Irma Sandoval-Valencia

_____ Date: _____
Dominica Rodriguez

_____ Date: _____
Deanna Arevalo

_____ Date: _____
Petra Carranza de Salinas

_____ Date: _____
J. Benjamin King
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*Attorney for the Class Representatives,
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_____ Date: _____
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Kozyak Tropin & Throckmorton, PA
2525 Ponce de Leon

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Date: _____

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**Lead Counsel for Defendants Michael Padilla, as Independent Administrator for the
Estate of Vannerson, and Santiago Sol**