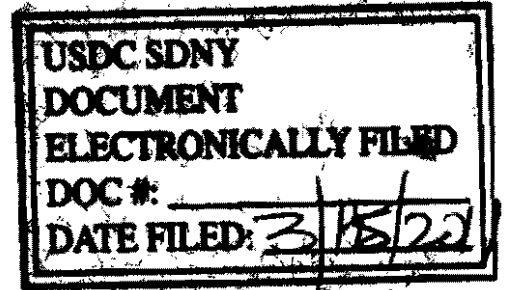


UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK



-----X  
BARBARA HANDSCHU, RALPH DiGIA, ALEX  
McKEIVER, SHABA OM, CURTIS M. POWELL,  
ABBIE HOFFMAN, MARK A. SEGAL, MICHAEL  
ZUMOFF, KENNETH THOMAS, ROBERT RUSCH,  
ANNETTE T. RUBENSTEIN, MICKEY SHERIDAN,  
JOE SUCHER, STEVEN FISCHLER, HOWARD  
BLATT, ELLIE BENZONI, on behalf of  
themselves and all others similarly  
situated,

Plaintiffs,

-against-

SPECIAL SERVICES DIVISION, a/k/a  
Bureau of Special Services; WILLIAM  
H.T. SMITH; ARTHUR GRUBERT; MICHAEL  
WILLIS; WILLIAM KNAPP; PATRICK  
MURPHY; POLICE DEPARTMENT OF THE  
CITY OF NEW YORK; JOHN V. LINDSAY;  
and various unknown employees of the  
Police Department acting as  
undercover operators and informers,

Defendants.

-----X

WHEREAS the District Court issued a Memorandum Opinion  
and Order in the above-captioned case dated January 19,  
2010, reported at 679 F.Supp.2d 488 ("Handschu X"), and

WHEREAS the District Court issued a Memorandum Opinion  
and Order in the above-captioned case dated July 28, 2010  
(filed August 2, 2010), reported at 2010 WL 2991414  
("Handschu XI") and

WHEREAS the defendants in the above-captioned case (hereinafter collectively "the NYPD") filed a Notice of Appeal of Handschu X and Handschu XI to the United States Court of Appeals for the Second Circuit on or about August 27, 2010, which appeal has been assigned Second Circuit Docket No. 10-3485 ("the NYPD Appeal"); and

WHEREAS the plaintiff class and the NYPD have agreed to the withdrawal of the NYPD appeal on the terms and conditions set forth below,

IT IS HEREBY STIPULATED AND AGREED, by and between the undersigned counsel for the NYPD and counsel for the plaintiff class as follows:

1. The Plaintiff Class and the NYPD jointly request that the Court enter an order (the "Modifying Order") modifying its rulings in Handschu X and Handschu XI by (i) vacating its finding that Plaintiff class was the prevailing party; (ii) vacating its finding that the Office of the Corporation Counsel engaged in sanctionable conduct, and (iii) vacating the sanction imposed under the Court's inherent authority upon the Office of the Corporation Counsel. In all other respects, Handschu X and Handschu XI remain in full force and effect. In the event that the Court does not modify its orders as requested by the

parties in this paragraph, this Stipulation shall be null and void in its entirety.

2. The NYPD agrees to pay to the attorneys for the plaintiff class the amounts set forth as the "Fee Awarded" in Part V of Handschu XI, in full satisfaction of any claim for counsel fees and disbursements by the attorneys for the plaintiff class through and including the date of this stipulation. The attorneys for the plaintiff class waive interest from August 31, 2010 provided these amounts are paid within 30 days after entry of the Modifying Order.

3. The parties agree to submit to the Court, in the manner directed by the Court, their remaining dispute regarding the breadth of the injunctive order contained in Handschu X. The parties reserve the right to appeal the Court's decision regarding that dispute.


4. Nothing contained herein shall be deemed to be an admission by the NYPD or the Office of the Corporation Counsel that they have violated the Modified Handschu Guidelines, or the rights of any persons or entities as defined under the Modified Handschu Guidelines or under the Constitution, statutes, ordinances, rules or regulations of the United States, or of the State of New York, or of the City of New York, or any other rules, regulations or bylaws of any department or subdivision of the City of New York.

This stipulation shall not be admissible in, nor is it related to, any other litigation or settlement negotiations. Nothing contained herein shall be deemed to constitute an admission that any policy or practice of the City of New York or any agency thereof violates the Modified Handschu Guidelines.


5. This Stipulation contains all the terms and conditions agreed upon by counsel for the NYPD and counsel for the plaintiff class concerning resolution of issues raised by the NYPD in the NYPD Appeal, and no oral agreement entered into at any time nor any other written agreement entered into prior to the execution of this Stipulation and Order regarding the subject matter of the NYPD Appeal shall be deemed to exist, or to bind the parties hereto, or to vary the terms and conditions contained herein.

Dated: New York, New York  
March 9, 2011

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Counsel for the Plaintiff  
Class

03/14/2011  
SO ORDERED:

  
UNITED STATES DISTRICT JUDGE