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11 **UNITED STATES DISTRICT COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA**

13 SECURITIES AND EXCHANGE
14 COMMISSION,

15 Plaintiff,

16 vs.

17 ANGELO MOZILO, DAVID SAMBOL,
18 AND ERIC SIERACKI,

19 Defendants.

Case No. CV 09-3994 JFW (MANx)

**ORDER GRANTING
APPLICATION BY PLAINTIFF
SECURITIES AND EXCHANGE
COMMISSION TO (1) ESTABLISH
A FAIR FUND, (2) APPOINT RUST
CONSULTING AS DISTRIBUTION
AGENT, AND (3) APPOINT
DAMASCO & ASSOCIATES, LLP
AS TAX ADMINISTRATOR**

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1 The COURT, having considered Plaintiff Securities and Exchange
2 Commission's Application to (1) establish a Fair Fund, (2) appoint Rust
3 Consulting as distribution agent, and (3) appoint Damasco & Associates, LLP, as
4 tax administrator, and for good cause shown, HEREBY ORDERS:

5 1. A Fair Fund distribution fund ("Fair Fund"), in accordance with
6 Section 308(a) of the Sarbanes-Oxley Act of 2002 [15 U.S.C. § 7246(a)], is created
7 and shall comprise and include the entire amount currently contained in the Court's
8 registry established by the Clerk of the Court in this matter, minus appropriate
9 expenses incurred in establishing and maintaining the account or ordered by the
10 Court to be paid to satisfy the fund's tax-related obligations.

11 2. Rust Consulting, Inc. is appointed Distribution Agent for the Fair
12 Fund ("Distribution Agent").

13 3. The Clerk of this Court is authorized to transfer the Fair Fund
14 proceeds to an account or accounts established by the Distribution Agent for the
15 purpose of effectuating a distribution of funds to approved claimants ("Distribution
16 Escrow Fund"). The Distribution Agent shall take all necessary steps to enable the
17 Fair Fund to be a "qualified settlement fund" within the meaning of the
18 regulations issued under section 468B(g) of the Internal Revenue Code. The
19 Distribution Agent will invest and reinvest the assets of the Distribution Escrow
20 Fund in investments unconditionally guaranteed and/or backed by the full faith and
21 credit of the United States of America.

22 4. Damasco & Associates LLP is appointed Tax Administrator (the "Tax
23 Administrator") in this matter, to execute all income tax reporting requirements,
24 including the preparation and filing of tax returns, with respect to the settlement
25 distribution funds under the Court's jurisdiction in this case. The Tax
26 Administrator shall have the following powers and duties:

27 a. Damasco & Associates shall be designated the administrator of
28 the Fair Fund, pursuant to section 468B(g) of the Internal

1 Revenue Code (IRC), 26 U.S.C. § 468B(g), and related
2 regulations, and shall satisfy the administrative requirements
3 imposed by those regulations, including but not limited to (a)
4 obtaining a taxpayer identification number, (b) filing applicable
5 federal, state, and local tax returns and paying taxes reported
6 thereon out of the Fair Fund, and (c) satisfying any information,
7 reporting, or withholding requirements imposed on distributions
8 from the Fair Fund. The Tax Administrator shall
9 contemporaneously provide copies of all such filings to the
10 Commission's counsel of record.

- 11 b. The Tax Administrator shall, at such times as the Tax
12 Administrator deems necessary to fulfill the tax obligations of
13 the Fair Fund, request that the Distribution Agent file with the
14 Court a motion, supported by the Tax Administrator's
15 declaration of the amount of taxes due, to transfer funds from
16 the Fair Fund on deposit with the Court to pay any tax
17 obligations of the Fair Fund.
- 18 c. The Tax Administrator shall be entitled to charge reasonable
19 expenses for tax compliance services and related expenses in
20 accordance with its agreement with the Commission. The Tax
21 Administrator shall, at such times as the Tax Administrator
22 deems appropriate, submit a declaration of fees and expenses to
23 the Distribution Agent for submission to the Court for approval
24 and for payment from the Fair Fund. No fees or expenses may
25 be paid absent the Court's prior approval.
- 26 d. At least ten (10) days before any motion to pay fees and
27 expenses is filed with the Court, the Tax Administrator shall
28 provide the Distribution Agent with a draft of the supporting

1 declaration for review. If the Distribution Agent has any
2 corrections or objections to the declaration, the Tax
3 Administrator and the Distribution Agent shall attempt to
4 resolve them on a consensual basis. If a consensual resolution
5 is not reached, the Distribution Agent may submit with the
6 motion any objections along with the Tax Administrator's
7 response thereto.

8 5. Within sixty (60) days of entry of this Order, the Distribution Agent
9 shall prepare a detailed Distribution Plan, not unacceptable to the Commission
10 staff, and shall consult with the Commission staff in the preparation of the plan,
11 which shall be submitted to the Court for approval. The Distribution Agent may,
12 after consultation with the Commission staff and with Court approval, engage
13 third-party professionals and service providers necessary to the Distribution
14 Agent's performance of its duties. These third parties shall be compensated from
15 the Fair Fund.

16 6. The Distribution Agent shall execute the distribution of the Fair Fund
17 to approved claimants in coordination with the Commission, pursuant to the Plan
18 of Distribution, and subject to oversight by the Court.

19 7. The Distribution Agent shall be paid reasonable fees and expenses for
20 its services and such fees and expenses shall be paid from the Fair Fund upon
21 written approval by the Commission staff. Within twenty (20) days following the
22 conclusion of each month, the Distribution Agent shall provide Commission staff
23 with a detailed statement of fees and expenses incurred each month by the
24 Distribution Agent in performing the tasks related to the design and
25 implementation of the Plan of Distribution ("Monthly Statement"). Upon the
26 Commission's written approval of each respective Monthly Statement, the
27 Distribution Agent is entitled to receive payment of 90% of the fees and 90% of
28 the expenses reflected in the respective Monthly Statement. Upon the completion

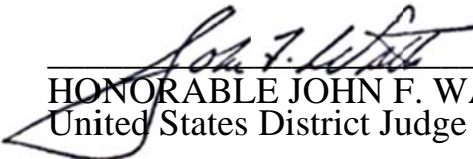
of its duties as outlined in the Plan of Distribution, the Distribution Agent shall be entitled to the accumulated 10% fee holdback.

8. The Court may remove the Distribution Agent at any time and replace it with successors. If the Distribution Agent resigns, it must first notify the Commission's staff and the Court in writing, and the resignation shall not be effective until the Court has appointed a successor. The Distribution Agent shall then follow such instructions as the successor or the Court gives in turning over custody, control and management of the Fair Fund and other property collected pursuant to this Court's orders or any Distribution Plan approved in this case.

9. All proceedings with respect to the administration, processing and determination of claims and the determination of all controversies pertaining to the Fair Fund or any Distribution Plan approved in this case, shall be subject to the exclusive jurisdiction of this Court.

IT IS SO ORDERED.

DATED: September 14, 2011


HONORABLE JOHN F. WALTER
United States District Judge

Submitted by:

/s/ Sam S. Puathasnanon
Sam S. Puathasnanon
Attorney for the Plaintiff
Securities and Exchange Commission