

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF WAYNE

Deputy Chief GARY A. BROWN and  
Police Officer HAROLD C. NELTHROPE,

Plaintiff,

Case No. 03-317557 NZ  
HON. MICHAEL J. CALLAHAN

vs.

KWAME KILPATRICK, Mayor, City of  
Detroit, and the CITY OF DETROIT,  
a Municipal Corporation; jointly and severally,

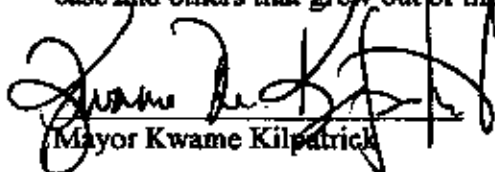
Defendants.

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**NOTICE OF REJECTION OF PROPOSED  
SETTLEMENT TERMS ARISING OUT OF  
OCTOBER 17, 2007 FACILITATION**

NOW COMES the Defendant, Mayor Kwame Kilpatrick, and hereby issues notice that he rejects the terms, individually and collectively, proposed, discussed or otherwise arising out of the facilitation proceedings conducted on October 17, 2007.

The parties were ordered into facilitation for the sole purpose of negotiating and facilitating a resolution of any outstanding attorney fee claims of the plaintiffs. Settlement discussions and facilitation proceedings were, based on information and belief, expanded beyond the court's order for facilitation. As a result, the Defendant Mayor Kwame Kilpatrick hereby rejects any and all terms proposed for settlement of this case and others that grew out of the October 17, 2007 facilitation proceedings.

  
Mayor Kwame Kilpatrick

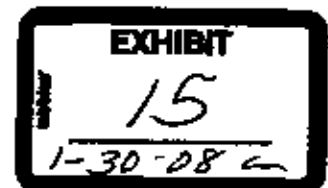
Dated: October 27, 2007



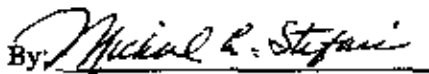
Supplement to Escrow Agreement


This supplement to Escrow Agreement is entered into effective October 22, 2007 by Michael L. Stefani ("Stefani") representative of the Plaintiffs, and Samuel E. McCargo ("McCargo") representative of Mayor Kwame Kilpatrick. In consideration of the promises contained herein, the parties agree as follows:

1. The parties, pursuant to the terms and conditions of the Escrow Agreement dated October 17, 2007, opened a Comerica Safe Deposit; and entered into a Comerica Safe Deposit Lease Agreement for Box No. 323 at branch No. 149.
2. The terms and conditions of the Lease Agreement require that each party receive a key for access to the safe deposit box, and that each party may under the terms and conditions of the safe deposit Escrow Agreement card access the box without the participation of the other
3. The terms of the Escrow Agreement dated October 17, 2007 requires that the parties limit access to any such storage facility in such a way that the storage facility may not be accessed unless both parties are present and participate in accessing the storage facility (safe deposit box) under the terms and conditions of the Escrow Agreement dated October 17, 2007.
4. In furtherance of the Escrow Agreement, the parties hereto agree that neither party shall access the Comerica Safe Deposit Box (Box No. 323 at Branch No. 149), in the absence of the other party. Any violation of this provision shall be considered a violation of the terms and conditions of the Escrow Agreement dated October 17, 2007 and subject the violating party



to the terms and conditions as set forth in the Escrow Agreement. Specifically, the parties hereby adopt and incorporate by reference in this Agreement the terms and conditions of paragraphs 3 and 4 of the Escrow Agreement dated October 17, 2007. The Escrow Agreement is attached hereto as Exhibit A.

By:   
Michael L. Stefani (P20938)  
STEFANI AND STEFANI  
Attorneys for Plaintiffs

By:   
Samuel E. McCargo (P25298)  
LEWIS & MUNDAY, P.C.  
Co-Counsel for Kwame Kilpatrick, Only

## SETTLEMENT AGREEMENT

Plaintiffs' counsel, Stefani & Stefani, Professional Corporation, Mayor Kwame Kilpatrick ("Mayor") and the City of Detroit ("City") enter into this Agreement effective October 17, 2007.

In consideration of the mutual promises contained herein, the parties agree as follows:

1. Stefani & Stefani, on behalf of its clients, employees, its shareholders and investigators ("S&S") agree to transfer ownership of and surrender to an attorney designated by the Mayor and the City all records, originals and copies, of text messages from Skytel Messaging for the text pager leased by the City of Detroit and issued to Christine Beatty for the periods of September through October 2002 and April through May 2003 ("Records").

2. S&S further agrees not to file the supplemental brief for attorney fees' and costs containing the excerpted quotations from the Records and to destroy all copies of said brief and to delete from its computers all drafts of the brief and the final brief.

3. S&S agrees to require each of its employees to enter into an agreement to refrain from disclosing to any person or entity the existence or content of such Records or such supplemental brief or any other matter related to the circumstances concerning those Records or the resolution of the cases which are the subject of this Agreement. In the event that any employee of S&S violates this provision, S&S shall be responsible for liquidated damages to the City in the amount of \$2,666,666.00 and such employee shall in turn be liable for liquidated damages in the same amount to S&S.

a. S&S further agrees to require Gary Brown and Harold Nelthrope and Walter Harris to enter into a confidentiality agreement not to disclose the terms of this settlement to any person or entity and to agree to refer all inquiries concerning the terms of this settlement



to S&S which will simply advise such persons or entities that the Plaintiffs agreed to accept an amount substantially less than the full amount they were entitled to in order to avoid the uncertainty of a trial or an appeal.

b. Brown shall enter into an agreement with respect to the Records and information contained therein similar to the agreement entered into by S&S employees, but specifying liquidated damages of \$3 million payable to the City.

c. Nelthrope shall enter into an agreement with respect to the Records and information contained therein similar to the agreement entered into by S&S employees, but specifying liquidated damages of \$2 million payable to the City.

d. Harris shall enter into an agreement with respect to the Records and information contained therein similar to the agreement entered into by S&S employees, but specifying liquidated damages of \$400,000.00 payable to the City.

e. S&S will agree to surrender to counsel designated by the Mayor all of the documents obtained by them concerning the purchase of Christine Beatty's home and the financing thereof through Fifth Third Bank and the refinancing of the previous home in which she resided with Mr. Lou Beatty.

4. The City and the Mayor agree to settle and resolve through orders of dismissal, satisfaction of judgment, releases, or settlement agreement the following two matters:

Brown and Nelthrope v. Mayor Kwame Kilpatrick and the City of Detroit  
Case No. 03-317557-NZ

Walter Harris v. Mayor Kwame Kilpatrick and the City of Detroit, et al.  
Case No. 03-337670-NZ



5. The City of Detroit and the Mayor agree to pay the sum of \$8,000,000.00 in full and complete satisfaction of Case No. 03-317557-NZ.

6. The City of Detroit and Mayor Kilpatrick agree to pay the sum of \$400,000.00 inclusive of interest, attorney fees and expenses in full and complete satisfaction of Case No. 03-337670-NZ.

7. All parties and their counsel and Christine Beatty agree to enter into mutual releases for all claims arising out of or in any way related to the matters being settled by this Agreement except as to a violation of this Agreement.

8. As a condition precedent to this Agreement becoming operative, the monetary terms of this settlement must be approved by Gary Brown, Harold Nelthrope and Walter Harris, Mayor Kwame Kilpatrick and the City Council of the City of Detroit. Brown and Nelthrope shall have twenty-four (24) hours to approve this Agreement in writing, Walter Harris shall have ten (10) days to approve this Agreement in writing and the City shall have ten (10) days to obtain the approval of the Mayor in writing. The City shall have forty-five (45) days from the date hereof to obtain the approval of City Council and to notify S&S of such approval in writing. In addition, the City and the Mayor shall have twenty-one (21) days after approval by the City Council to deliver the settlement checks to S&S. In the event of a failure by any party to meet the time deadlines set forth in this paragraph 8, this Agreement shall be null and void.

Mayor Kwame Kilpatrick


By:   
And: 

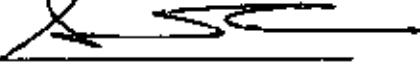
City of Detroit

By:   
And: 

(Signatures continued on next page)

**Stefani & Stefani, Professional Corporation,**  
Attorneys for Gary Brown, Harold Nelthrope  
and Walter Harris

By: 

And: 



Detroit, Mayor Kwame Kilpatrick or by any person or organization acting on their behalf except an action to enforce the provisions of this Escrow Agreement, by the City of

(b) A motion being filed or other action whether judicial or non-judicial being taken, the proposed Settlement Agreement or without such payments having been made.

approval having been made and notice in writing thereof provided to the other parties of settlement amounts provided for in the proposed Settlement Agreement without such (a) The expiration of the time allowed for any approval or the payments of the

than one business day upon the occurrence of either of the following developments:

the Records in the box to allow S&S to regain possession of such records promptly but in no event longer 3. Representative agrees that Representative will cooperate with S&S in gaining access to be accompanied by the other party.

restricted to the parties together, that is in order for either party to gain access to the box, such party must in a safe deposit box with a banking institution agreed upon by the parties with access to such box 2. The parties agree to place the Records as defined in the proposed Settlement Agreement

Harris v. City of Detroit and Mayor Kwame Kilpatrick, et al. Case No. 03-337670-NZ

Brown and Neill v. City of Detroit and Mayor Kwame Kilpatrick Case No. 03-317557-NZ

cases of

the proposed settlement agreement entered into October 17, 2007 ("Settlement Agreement") involving the 1. Both parties shall use their best efforts to obtain the approvals necessary to consummate In consideration of the promises contained herein, the parties agree as follows:

Kilpatrick ("Representative"),

Corporation ("S&S") and Samuel McCaro, representative of Mayor Kwame

This Agreement is entered into effective October 17, 2007 by Stefan & Stefan, Professional

ESCROW AGREEMENT

to gain access to the Records or to have such Records destroyed, suppressed, or turned over to any court, the City or the Mayor, or any other body or entity prior to the payments provided for in the proposed Settlement Agreement.

4. S&S agrees that S&S will cooperate with Representative in gaining access to the Records in the box to allow Representative to obtain possession of such Records promptly, but in no event longer than one business day upon the occurrence of either of the following developments:

(a) A motion being filed or other action taken other than an action to enforce the provisions of this Escrow Agreement by S&S to gain access to the Records or to have such Records destroyed or turned over to any court, S&S, Brown, Nelthorpe or Harris prior to one of the events described in 3(a) above.

(b) A motion being filed or other action taken, other than an action to enforce the provisions of the Escrow Agreement, by any other person or organization acting on behalf of S&S or on behalf of Brown, Nelthorpe or Harris to gain access to the Records or to have such Records destroyed or turned over to any court, S&S, Brown, Nelthorpe or Harris prior to one of the events described in 3(a) above.

5. S&S agrees that it will cooperate with Representative in gaining access to the Records in the box to allow such Records to be delivered to Mayor Kwame Kilpatrick promptly and in no event longer than one business day upon the payment of the settlement amounts (in immediately available funds) provided for in the proposed Settlement Agreement and the execution of the releases provided in such Agreement.

4. Representative agrees to pay the rental fees for said box timely.

7. If either party should violate the terms of this Agreement, that party shall be responsible for reimbursing the other party for all costs incurred by it, including actual reasonable attorney fees to enforce the terms of this Agreement whether or not such enforcement action involves the commencement of court action.

Representative

Samuel McCargo (SM)  
By: SAMUEL MCCARGO

Stefani & Stefani,  
Professional Corporation

Michael L. Stefani  
By: Michael L. Stefani  
Its: Chairman