

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF OKLAHOMA**

<b>IN RE PRE-PAID SECURITIES, INC. LITIGATION</b>	:	:	:	:	:
					<b>Master Docket No. CIV-01-0182-C</b>

**~~PROPOSED~~ FINAL ORDER APPROVING CLASS SETTLEMENT**

On this 10<sup>th</sup> day of December, 2004, a hearing (the "Settlement Hearing") having been held before this Court to determine: (a) whether the-above captioned action (the "District Court Action") satisfies the applicable prerequisites for class action treatment under Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure; (b) whether the proposed Settlement of the District Court Action and Appeal from this Court's dismissal of the District Court Action (collectively, the "Action") as set forth in the Stipulation and Agreement of Settlement dated January 22, 2004 (the "Stipulation") (the defined terms of which shall have the same meaning herein), is fair, adequate, reasonable and in the best interests of the Settlement Class and should be approved by the Court; (c) whether this Final Order Approving Class Settlement (the "Final Order") should be entered in the Action; (d) whether and in what amount Plaintiffs' Co-Lead Counsel's application for Attorneys' Fees and reimbursement of Expenses and Costs incurred should be approved by the Court, provided that Plaintiffs' Co-Lead Counsel have submitted their application for such Fees and Expenses and Costs to the Court five (5) days before the Settlement Hearing; and (e) whether the Parties should be directed to obtain dismissal of the Appeal on the merits with prejudice and without costs as set forth in the Stipulation, and whether the Plaintiffs and all Settlement Class Members on behalf of themselves and their respective heirs, executors, administrators, representatives, predecessors, successors, transferees and assigns

(collectively, "Releasors"), shall be conclusively deemed to have fully, finally and forever released, relinquished, and discharged all Released Claims (as defined below) against the Released Persons (as defined below), shall be conclusively deemed to have and by operation of the Final Order shall have fully, finally, and forever released, relinquished, and discharged the Released Persons from all claims (including Unknown Claims (as defined below)) arising out of or in connection with the institution, prosecution, or assertion of the Action or the Released Claims, shall be conclusively deemed to have covenanted not to sue the Released Persons in any action or proceeding of any nature with respect to the Released Claims, and shall forever be enjoined and barred from asserting the Released Claims against any Released Persons in any action or proceeding of any nature, whether or not such Releasors have executed and delivered a Proof of Claim and Release Form ("Proof of Claim"), whether or not such Releasors participated in the Settlement Fund, whether or not such Releasors have filed an objection to the Settlement, the proposed Plan of Allocation, or any application by Plaintiffs' Co-Lead Counsel for an award of Attorneys' Fees and Expenses and Costs, and whether or not the claim of such Releasors have been approved or allowed.

The Court, having read and considered all matters submitted to it at the Settlement Hearing and otherwise, and the Parties having applied for approval of the Settlement as set forth in the Stipulation, and due and adequate notice having been given to the Settlement Class, it is hereby ORDERED and ADJUDGED that:

1. This Court has jurisdiction over the subject matter of this case and over all Parties to this case, including all Settlement Class Members.
2. This Court finds that Plaintiffs' Co-Lead Counsel had, and has, the authority to negotiate and propose a settlement to the Court and to enter into this Stipulation on behalf of the

Members of the Settlement Class (including without limitation the Lead Plaintiffs) and Plaintiffs' Counsel.

3. This Court confirms that the parties designated to serve as lead plaintiffs in this Action are Jon McNamara and Richard Landin.

4. The proposed Settlement Class is certified for purposes of this settlement only, pursuant to the Stipulation and under Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure as follows:

All persons and entities that purchased or otherwise acquired Pre-Paid Legal Services, Inc. ("Pre-Paid") common stock from March 18, 1999 through May 15, 2001, inclusive. Excluded from the Settlement Class are (a) the officers and directors of Pre-Paid, including Harland Stonecipher, Randy Harp, Kathleen Pinson, Peter Grunebaum, and David Savula, and their immediate families; (b) Deloitte, the employees, partners and principals of Deloitte and their immediate families; (c) the legal affiliates, representatives, heirs, controlling persons, successors, and predecessors in interest or assigns of any such excluded party; (d) any entity in which Deloitte or any excluded person or entity has or had a controlling-person interest; and (e) any potential Settlement Class Members who exclude themselves by timely filing a request for exclusion in accordance with the requirements set forth in the Notice of Settlement.

Attached as Exhibit 1 to this Final Order is a schedule of all persons and entities who timely and validly excluded themselves from the Settlement Class.

5. This Court approves the Settlement of this case on the terms and conditions provided for in the Stipulation, finds that the Settlement is, in all respects, fair, adequate, and reasonable for purposes of Rule 23 of the Federal Rules of Civil Procedure, that it confers substantial benefits upon the Settlement Class, and that it is in the best interests of the Settlement Class, and, therefore, directs that the Settlement be consummated in accordance with the terms and conditions of the Stipulation.

6. For purposes of this Settlement only, plaintiffs Jon McNamara and Richard Landin are appointed Settlement Class Representatives. For purposes of this Settlement only, the requirements of Federal Rule of Civil Procedure 23(a) have been met and Plaintiffs' Counsel have fairly and adequately represented and protected the interests of the Settlement Class.

7. Upon the Effective Date and subject to the terms and conditions of the Stipulation, this Court unconditionally releases, settles and extinguishes (as set forth more fully in paragraph 8 below) each and every Released Claim (as defined below) of each and every Plaintiff and Settlement Class Member and the other Releasors against each and all of the Released Persons (as defined below).

(a) "Released Claims" collectively means and includes any and all claims or causes of action, including "Unknown Claims" (as defined below), debts, suits, rights of action, dues, sums of money, accounts, bonds, bills, covenants, contracts, controversies, agreements, promises, judgments, variances, executions, obligations, demands, rights, liabilities, damages, losses, fees, and costs of any kind, nature and/or description whatsoever, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not asserted, threatened, alleged or litigated, at law, equity or otherwise, including, without limitation, claims for contribution or indemnification, or for costs, expenses (including, without limitation, amounts paid in settlement) and attorneys' fees, claims for negligence, gross negligence, breach of duty of care and/or breach of duty of loyalty, misrepresentation, fraud, breach of fiduciary duty, or violations of any federal, state or local statutes, common law, rules or regulations, that now exist or heretofore existed, that have been or could have been asserted in the Action or any other forum against the Released Persons, whether directly, indirectly, representatively,

derivatively or in any other capacity, which arise out of, are based upon or relate to, or are in connection with (i) the claims asserted in the Action; (ii) the purchase or sale or other acquisition or disposition of Pre-Paid common stock during the Class Period; (iii) any of the facts, circumstances, claims, transactions, events, occurrences, acts, disclosures, statements, representations, omissions or failures to act, or matters of any kind or nature whatsoever, related directly or indirectly to the subject matters referred to, set forth in, or the facts or claims for relief which were or could have been alleged or litigated in the Action, including, without limitation, claims related in any way to Pre-Paid's 1998, 1999, and 2000 financial statements, including, but not limited to, its audited and unaudited financial statements, or any restatement thereof and any public filing, press release, or other public statement whether made during or after the Class Period; (iv) this Settlement or the entry into it; and/or (v) any and all services provided at any time by Deloitte to or with respect to Pre-Paid or any related entity or individual, including, without limitation, their present or future affiliates, predecessors or successors, and their respective directors, officers, employees, partners, principals, stockholders and owners, irrespective of whom such services were claimed to have been performed for or on behalf of.

(b) "Released Persons" means and includes Deloitte (formerly known as D&T Partners LLP), Deloitte & Touche USA LLP (formerly known as Deloitte & Touche LLP, Deloitte & Touche, and Deloitte Haskins & Sells), Deloitte Consulting LLP (successor to Deloitte Consulting Holding LLC), Deloitte Consulting L.P. (successor to Deloitte Consulting LLC (formerly known as Deloitte & Touche Consulting Group LLC)), Deloitte Consulting (US) LLC, and Deloitte Consulting (Holding Sub) LLC and their past, present and future parent

companies, subsidiaries, divisions, related or affiliated entities, predecessors and successors, their respective present and former directors, officers, partners, principals, members, stockholders, owners, employees, agents, servants, subrogees, insurers, co-insurers, reinsurers, and attorneys (including, without limitation, Hartzog Conger Cason & Neville, P.C. and Shearman & Sterling LLP, and any present and former partners, directors or employees thereof), and their respective heirs, executors, representatives, administrators, successors, transferees and assigns, and any and all persons, natural or corporate, in privity with them. Pre-Paid, Harland Stonecipher, Randy Harp, Kathleen Pinson, Peter Grunebaum, and David Savula are expressly excluded from the definition of Released Persons.

(c) "Unknown Claims" means and includes any and all claims that the Releasor does not know or suspect to exist in his or her favor at the time of the release of the Released Persons, including, without limitation, claims that, if known by him or her, might have affected his or her decision to settle with and release the Released Persons or release the Released Claims, or might have affected his or her decision not to object to the Settlement set forth in this Stipulation.

8. Upon the Effective Date, the Releasors (i) shall be conclusively deemed to have fully, finally and forever released, relinquished, and discharged all Released Claims against the Released Persons, (ii) shall be conclusively deemed to have and, by operation of this Final Order shall have, fully, finally, and forever released, relinquished, and discharged the Released Persons from all claims (including Unknown Claims) arising out of or in connection with the institution, prosecution, or assertion of the Action or the Released Claims, (iii) shall be conclusively deemed to have covenanted not to sue the Released Persons in any action or proceeding of any nature with respect to the Released Claims, and (iv) shall forever be enjoined and barred from asserting

the Released Claims against any Released Persons in any action or proceeding of any nature, whether or not such Releasors have executed and delivered a Proof of Claim, whether or not such Releasors participated in the Settlement Fund, whether or not such Releasors have filed an objection to the Settlement, the proposed Plan of Allocation, or any application by Plaintiffs' Co-Lead Counsel for an award of Attorneys' Fees and Expenses and Costs, and whether or not the claims of such Releasors have been approved or allowed.

9. Upon the Effective Date, the Releasors shall be conclusively deemed to, and by operation of this Final Order shall, waive and relinquish, to the fullest extent permitted by law, the provisions, rights, and benefits of Section 1542 of the California Civil Code, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Also with respect to any and all Released Claims, the Releasors shall be conclusively deemed to, and upon the Effective Date and by operation of this Final Order shall, waive any and all provisions, rights and benefits conferred by the law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to Section 1542 of the California Civil Code. The Releasors do, upon the Effective Date, fully, finally and forever settle and release any and all Released Claims, known or unknown, suspected or unsuspected, contingent or noncontingent, which now exist, or heretofore have existed upon any theory of law or equity, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of any facts in addition to or different from those they now know or believe to be true with respect to the subject matter of the Released Claims.

10. Upon the Effective Date, all claims, however denominated, which have been, or could have been, or could be asserted against the Released Persons, or any of them, by any person or entity who is, could be, or could have been named or added as a defendant in the Action, and, to the extent legally permissible, by or on behalf of any other person, which arise from, are based upon, are in any way related to, or are in connection with the claims in or subject matter of the Action and/or the Released Claims, whether arising under federal, state or local law (including those based in tort, contract, or under any statute or body of law, including, without limitation, claims for contribution, indemnification or reimbursement), are extinguished, discharged, satisfied, dismissed with prejudice, barred, and otherwise unenforceable, and the future filing of any such claims is permanently enjoined. This provision is not intended to, and does not, release or extinguish any claim, right or defense which any Released Person may have with respect to claims that may be asserted by persons who have timely and validly excluded themselves from the Settlement Class in the Action ("Opt-out Claims"); the Released Persons reserve their respective rights, claims and defenses with respect to any Opt-out Claims.

11. Pursuant to the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4(f)(7)(A), the Released Persons are hereby finally discharged from all claims for contribution brought by other persons. The Court also hereby bars all future claims for contribution arising out of this action (a) by any person against the Released Persons and (b) by any Released Person against any person, other than a person whose liability had been extinguished by the settlement of the Released Persons pursuant to the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4(f)(7)(A). The Released Persons are hereby finally discharged of all obligations to the Plaintiffs and Settlement Class Members arising out of this action.

12. The form, substance, and requirements of the notice given to the Settlement Class pursuant to the Hearing Order, including the mailing, distribution, and publication of such notice, was the best notice practicable under the circumstances as well as valid, due, and sufficient notice to all persons entitled thereto, including all Settlement Class Members, and complies fully with the requirements of Rule 23 of the Federal Rules of Civil Procedure, the Constitution of the United States, the Private Securities Litigation Reform Act of 1995, and other applicable law.

13. This Court awards Attorneys' Fees constituting 30 percent of the Settlement Fund to Plaintiffs' Co-Lead Counsel for services performed in this case, including interest earned thereon. The Court further awards Expenses and Costs in the aggregate amount of \$ 60,000 from the Settlement Fund. The Court finds such awards to be fair and reasonable.

14. This Court hereby approves the proposed Plan of Allocation, as set forth in the Notice of Pendency of Class Action and of Partial Settlement.

15. Without affecting the finality of this Final Order in any way, this Court hereby retains continuing jurisdiction over: (a) implementation and enforcement of the terms of the Settlement set forth in the Stipulation; (b) distribution of the Settlement Fund, including interest earned thereon; (c) determination of any other applications for payments out of the Settlement Fund; and (d) all Parties hereto for the purpose of implementing and enforcing the Settlement set forth in the Stipulation in this case until the Effective Date has occurred and each and every act agreed to be performed by the Parties has been performed and for the purpose of enforcing the obligations of each of the Parties embodied in the Stipulation, including for the purposes of enforcing any injunction against bringing a Released Claim against any of the Released Persons.

The Court shall maintain continuing jurisdiction over all Settlement Class Members for purposes of enforcing the terms of this Final Order.

16. No Authorized Claimant shall have any claim against the Plaintiffs, Plaintiffs' Counsel, or the Claims Administrator, or any other agent designated by Plaintiffs' Co-Lead Counsel based on distributions made in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, and further orders of the Court. Deloitte, the other Released Persons, and Deloitte's Counsel shall have no responsibility for the administration of the Settlement and shall have no liability whatsoever to any person or entity including, but not limited to, the Settlement Class Members, any other Releasers or Plaintiffs' Counsel in connection with the administration of the Settlement. The administration of the Settlement includes, without limitation, the investment, allocation, and distribution of the Settlement Fund, the determination, calculation, processing, or payment of claims, the review and approval or rejection of Proofs of Claim, the Plan of Allocation, the determination, payment, or withholding of Taxes or any loss incurred in connection therewith, and the giving of notice to Settlement Class Members, and no person or entity, including, but not limited to, the Settlement Class Members, Plaintiffs, other Releasers, and Plaintiffs' Counsel, shall have any claims against Deloitte, the other Released Persons or Deloitte's Counsel in connection therewith.

17. This Final Order is binding on all Plaintiffs, Settlement Class Members and other Releasers, whether or not any of the Plaintiffs or Settlement Class Members or other Releasers executes and delivers the Proof of Claim, whether or not any of the Plaintiffs or Settlement Class Members or other Releasers participates in the Settlement Fund, whether or not any of the Plaintiffs or Settlement Class Members or other Releasers have filed an objection to the Settlement, the proposed Plan of Allocation, or any application by Plaintiffs' Co-Lead Counsel

for an award of Attorneys' Fees and Expenses and Costs, and whether or not any such claim has been approved for payment.

18. Neither this Final Order, the Stipulation, the Settlement, the Judgment nor any acts performed and documents executed pursuant to or in furtherance of the Stipulation or Settlement:

(a) shall be offered or received against Deloitte or other Released Persons as evidence of, or be construed as or deemed to be evidence of, any presumption, concession, or admission by Deloitte or other Released Persons of the truth of any fact alleged by Plaintiffs or any Settlement Class Member or the validity of any claim that has been or could have been asserted in the Action or in any litigation, or the deficiency of any defense that has been or could have been asserted in the Action or in any litigation, or of any liability, negligence, fault, or wrongdoing of Deloitte or other Released Persons;

(b) shall be offered or received against Deloitte or other Released Persons as evidence of, or be construed or deemed to be evidence of, any presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by Deloitte or other Released Persons, or against the Plaintiffs and the Settlement Class Members as evidence of any infirmity in the claims of Plaintiffs and the Settlement Class Members;

(c) shall be offered or received against Deloitte or other Released Persons as evidence of a presumption, concession or admission of any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the Parties, in any other civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; provided, however, that Deloitte or

other Released Persons may refer to this Stipulation to effectuate the protection from liability granted Deloitte or other Released Persons hereunder, including, without limitation, to support a defense or counterclaim, in any action brought against Deloitte or other Released Persons, based on principles of res judicata, collateral estoppel, release, judgment, bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim;

(d) shall be construed against Deloitte or other Released Persons or the Plaintiffs and the Settlement Class as an admission or concession that the consideration to be given hereunder represents the amount that could be or would have been recovered after trial; and

(e) shall be used by Plaintiffs or any Settlement Class Member or Plaintiffs' Counsel to state that Deloitte or other Released Persons committed any wrongdoing or any act that could give rise to liability, made any misrepresentation of any kind, violated Generally Accepted Accounting Principles or Generally Accepted Auditing Standards, or that Deloitte or other Released Persons failed to do that which it (or they, or any of them) had an obligation to do.

19. The Court finds that the Parties, Plaintiffs' Counsel and Deloitte's Counsel have complied in all respects with Federal Rule of Civil Procedure 11(b) in connection with the filing of all complaints, responsive pleadings, and dispositive motions in this case.

20. The Parties shall bear their own costs and expenses, except as otherwise provided in the Stipulation or in this Final Order.

21. The Parties are directed to enter into a Stipulation to obtain a judgment of dismissal of the Appeal on the merits with prejudice and without costs as set forth in the Stipulation

22. Immediate entry of this Final Order by the Clerk of the Court is expressly directed pursuant to Rule 58 of the Federal Rules of Civil Procedure.

SO ORDERED THIS 10 DAY OF December, 2004.



The Honorable Robin Cauthron  
United States District Judge

**EXHIBIT 1**

**IN RE PRE-PAID SECURITIES, INC. LITIGATION**

**REQUESTS FOR EXCLUSION**

**RECEIVED THROUGH NOVEMBER 30, 2004**

**REFERENCE NUMBER  
& NAME AND ADDRESS**

**POSTMARKED  
& RECEIVED**

#1 Hydrite Chemical Company Dana Inv.  
A/C 9573035411  
Mail Code OH1-0393  
340 S. Cleveland Ave., Bldg. 350  
Westerville, OH 43081

10/14/04

#2 Vaughn D. Davisson  
P.o. Box 3479  
Iowa City, IA 52244

10/19/04

#3 Thomas Johnson  
Jean Johnson  
1124 Windrifter Way  
Vero Beach, FL 32963

11/10/04

#4 Julia N. Hollister  
14007 Egglstone Drive  
Pineville, NC 28134

11/10/04

#5 John R. Peterson  
2614 Emerson Ave.  
Kingman, AZ 86401

11/15/04

11/19/04