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Kosen, et al. v. American Express Financial Advisors, Inc. et al.

Keywords

Kosen, American Express, Consent Decree, Disparate Treatment, Retaliation, Assignment, Compensation, Hiring, Hostile Work Environment, Promotion, Subjective Decision Making, Termination, Terms and Conditions, Training, Financial Services, Employment Law, Title VII

**UNITED STATES DISTRICT COURT
DISTRICT OF COLUMBIA**

Shelly Kosen, Elizabeth Bradler,
Lisa Granquist, Deatra Harrington,
Dawn Hausch-Cooper, Rebecca Hayes,
Jan Jackson, Catherine Kelly, Eleni Kulinski,
Susan Marcotte, Lydia Murphy,
Melissa Poole, Pauline Richards,
Mary Elizabeth Griffin Roy, Susan Seltzer,
Rosalie Villafrate, Lois Wisocky, on behalf
of themselves and all others similarly
situated,

Civil Action No: 1:02CV00082 (HHK)

Plaintiffs,

v.

American Express Financial Advisors, Inc.;
IDS Financial Services, Inc., IDS Life
Insurance, Inc.; American Express
Financial Corporation; and American
Express Company,

Defendants.

CONSENT DECREE

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I. INTRODUCTION

This Consent Decree (“Decree”) sets forth the full and final terms by which the Named Plaintiffs, on behalf of themselves and members of the Classes defined herein, and Defendants American Express Financial Advisors, Inc., IDS Financial Services, Inc., IDS Life Insurance, Inc., American Express Financial Corporation, and American Express Company have settled and resolved all claims that have been raised in the charges filed by the Named Plaintiffs and in the Complaint filed this day.

II. NATURE OF THE CASE

A. In February 1999 Named Plaintiffs Shelly Kosen, Lois Wisocky, Mary Elizabeth Griffin Roy and Susan Seltzer retained counsel for the class to investigate claims of unfair treatment, including discrimination based on gender, age and unequal pay. On or about October 4, 1999, these Named Plaintiffs each filed a charge with the Equal Employment Opportunity Commission (“EEOC”), alleging, among other things, that Defendants discriminated against them and a class of similarly situated persons throughout the United States on the basis of their gender, unequal pay, and/or age in several aspects of their employment.

B. From the dates these four Named Plaintiffs filed their charges through about August of 2001, thirteen other persons, who are also Named Plaintiffs for purposes of the Settlement Classes, also filed charges with the EEOC. The remaining Named Plaintiffs are: Elizabeth Bradler, Lisa Granquist, Deatra Harrington, Dawn Hausch-Cooper, Rebecca Hayes, Jan Jackson, Catherine Kelly, Eleni Kulinski, Susan Marcotte, Lydia Murphy, Melissa Poole, Pauline Richards, and Rosalie Villafrate.

C. Among other things, Named Plaintiffs allege on behalf of themselves and members of the Classes defined herein, that they are women who are or were affiliated with

AEFA as Financial Advisors, or are or were applicants for the position of Financial Advisor or other higher position; that they have been and are paid less than comparable male Financial Advisors; that they experienced gender discrimination in numerous aspects of their employment and have been subjected to a hostile work environment. They have further alleged, among other things, on behalf of themselves and members of the Classes defined herein that aspects of their employment in which they have experienced gender and/or age discrimination include, but are not limited to, career advancement, failure to hire as a Financial Advisor, distribution of leads and accounts, work assignments, promotion, compensation, a sexually hostile work environment, retaliation, termination, layoff, and/or other terms and conditions of employment.

D. In an effort to determine whether the parties could settle this dispute prior to the commencement of litigation, counsel for the parties, who are experienced class action attorneys, participated in detailed and exhaustive discussions and negotiations over nearly two years. The parties ultimately engaged the services of ADR Associates, Inc., of Washington, D.C., and Linda Singer, an internationally known and highly experienced professional mediator, skilled in mediation of complex class actions, including employment litigation. Ms. Singer became familiar with the case and conducted approximately ten full and partial day mediation sessions. The formal mediation sessions and follow-up settlement discussions between the parties commenced in May of 2001 and concluded on January 17, 2002, by execution of this Decree. During the negotiations, counsel bargained vigorously on behalf of their clients. All negotiations have been conducted at arm's length and in good faith.

E. In order to facilitate settlement discussions, the parties executed tolling agreements covering the time period June 22, 2001 to January 17, 2002. For settlement purposes, Class Counsel sought, and Defendants produced to Class Counsel, voluminous data

and other information concerning Defendants' workforce and work practices relevant to the claims asserted and damages sought by Plaintiffs. Class Counsel retained a consultant to conduct a statistical analysis of the data. The consultant worked with Class Counsel for several months to review the data, ensure it was complete, request supplemental data, and analyze the data. The consultant conducted the same analyses that Plaintiffs would have conducted in preparation for trial of this matter. Counsel for both parties also have conducted their own substantial investigations of the matter, including the facts underlying the claims and issues raised in the charges and the Complaint. The investigations included, among other things, interviewing witnesses and reviewing a substantial number of relevant company records. As a result of the exchange of information, investigation, and other pre-suit activity, counsel for all parties are familiar with the strengths and weaknesses of their respective positions, and have had a full opportunity to assess the litigation risks presented in this case.

F. For the sole purposes of settlement and judicial approval of this Decree, the parties agree that, on or before January 17, 2002, Plaintiffs shall file a Complaint in the federal district court for the District of Columbia.

G. Defendants deny the allegations in both the administrative charges and the Complaint and deny any liability under Title VII of the Civil Rights Act of 1964, the Equal Pay Act, and the Age Discrimination in Employment Act, as each has been amended from time to time, as well as the human rights or any other laws of any State or locale, and further deny that Defendants unlawfully discriminated against or harassed Plaintiffs or Class Members on the basis of age, unequal pay, or gender, or that Plaintiffs or Class Members are otherwise entitled to the relief requested. In addition, Defendants deny that Plaintiffs and Class Members who are or were affiliated with Defendants as veteran Financial Advisors and/or as "Platform 2" Financial

Advisors are or were employees of Defendants; to the contrary, said Financial Advisors are and/or were independent contractors.

H. All parties and their counsel recognize that, in the absence of an approved settlement, they face a long litigation course, including motions to dismiss, motions for class certification, formal discovery, motions for summary judgment, and trial and potential appellate proceedings, that will consume time and resources and present each of them with ongoing litigation risks and uncertainties. The parties wish to avoid these risks and uncertainties, as well as the consumption of time and resources, through amicable settlement pursuant to the terms and conditions of this Decree. Class Counsel believe that the terms of the Decree are fair, reasonable, and adequate for the Class Members, and in their best interests, and Defendants wish to bring the litigation to a conclusion on the terms set forth in this Decree.

I. Without any admission or concession by Defendants of any liability or wrongdoing with respect to the allegations in any charge or in the Complaint and without any admission or concession by Defendants that any veteran Financial Advisor or “Platform 2” Financial Advisor Plaintiff or Class Member is an employee, all Claims, as defined below, shall be finally and fully compromised, settled, and released and the Action dismissed with prejudice upon and subject to the terms and conditions of this Decree, which were the subject of negotiation and agreement by the parties.

III. GENERAL TERMS OF THE DECREE

A. Definitions. In addition to terms identified and defined elsewhere in this Consent Decree, and as used in this Consent Decree, the following terms shall have the following meanings:

1. “Action” means the lawsuit described above and in the Complaint and allegations in administrative charges as it relates to both the Plaintiffs and the Class Members.

2. “Administrators” means the persons designated by Class Counsel to administer the Settlement Fund pursuant to Section V below and other orders of the Court. Unless replaced by the Court, the Administrators shall be: Lawrence P. Schaefer and Maurice W. O’Brien.

3. “AEFA” means, for purposes of this Decree, American Express Financial Advisors, Inc., and any of its affiliated or related companies, parents, subsidiaries, predecessors, successors, and assigns, and includes all Defendants.

4. “Business Development Claim Form” means the Form to be submitted by Eligible Business Development Claimants substantially in the form attached hereto as Exhibit A.

5. “Claims” means any and all claims, rights, duties, remedies or causes of action or liabilities whatsoever, including all claims for damages and benefits, whether based on federal, state, local, statutory or common-law or any other law, rule or regulation, including both known and Unknown Claims (as that term is defined in the Release) which have been released or discharged in the Release, a copy of which is attached hereto as Exhibit B, and incorporated herein.

6. “Claim Form” means the form to be submitted by Claimants attached hereto as Exhibit C.

7. “Claimants” means applicants for awards from the Claims Portion and the Business Development Portion of the Settlement Fund, the two of which are collectively

referred to as the “Claimant Portions.” Recipients of awards from the Claimant Portions shall together be referred to as “Eligible Claimants.”

8. “Class Counsel” means the law firms of Miller-O’Brien PLLP and Sprenger & Lang PLLC.

9. “Complaint” means the Complaint to be filed in connection with this Settlement.

10. “Defendants’ Counsel” means the law firms of Dorsey & Whitney LLP and Jones, Day, Reavis & Pogue LLP.

11. “Depository Bank” means Chevy Chase Bank, designated by Class Counsel to receive, hold, invest and disburse the Settlement Fund.

12. “Employee Leader” means (1) any person employed in the field by AEFA, but not any other Defendant for purposes of this definition, and who holds a position equivalent to manager and above in AEFA’s employee platform; and (2) any person employed in the field by AEFA, but not any other Defendant for purposes of this definition, who holds a leadership position in the AEFA franchise platform (currently referred to as “Platform 2”) (excluding franchise branch managers and OSJ managers).

13. “Financial Advisor” means a person employed by or otherwise affiliated with AEFA as a financial advisor. Financial Advisor does not include persons who have (1) not been appointed, and/or (2) have been classified by AEFA as preappointment or preclient ready.

14. “Notice” means the mailed Notice of Class Action, Proposed Settlement, and Settlement Hearing, which is to be directed to members of the Damages Class substantially in the form attached hereto as Exhibit D, and the published Notice which is

to be directed to both the Damages Class and the Injunctive Class substantially in the form attached hereto as Exhibit E.

15. “Payees” means Class Counsel and all experts, consultants and others associated with or retained by Class Counsel. Payments to Payees will be consistent with Section V of this Decree and governed by Administrative Order No. 1.

16. “Plaintiffs” or “Named Plaintiffs” means the seventeen Plaintiffs named in the caption of this Decree.

17. “Release” means the Agreement and Release referenced in Section III.G. and attached hereto as Exhibit B, and incorporated herein.

18. “Settlement,” “Agreement,” and “Settlement Agreement” each mean the settlement as reflected in this Decree.

19. “Settlement Fund” means the settlement monies transferred by Defendants to the Depository Bank, including all interest earned thereon, to be held, invested, administered, and disbursed pursuant to Administrative Order No. 1 (filed herewith) and this Decree.

20. “Settlement Hearing” means the hearing at which the Court will consider final approval of this Decree and related matters.

B. Jurisdiction and Venue. The parties agree that this Court has jurisdiction over the parties and the subject matter of this action, and only for purposes of this settlement class, that venue is proper. This Court shall retain jurisdiction of this action for the duration of the Decree solely for the purpose of entering all orders and judgments authorized hereunder that may be necessary to implement and enforce the relief provided herein. Pursuant to Fed. R. Civ. P. 53,

this Court shall appoint a Special Master whose powers are outlined in Section VII.B.6. and 7. of this Decree and in the proposed Order and Stipulation of Reference attached hereto as Exhibit F.

C. Effective Date of the Decree. This Decree and the agreements incorporated herein shall become effective on the date when all of the following have occurred: (1) the Court has finally approved, signed and entered this Decree; (2) the Court has entered an Order and Judgment dismissing the Action with prejudice, with continuing jurisdiction limited to enforcing this Decree; and (3) the time for appeal has either run without an appeal being filed or any appeal (including any requests for rehearing en banc, petitions for certiorari or appellate review) has been finally resolved. Beginning on the Effective Date, the Decree and the agreements incorporated in it shall become binding on the parties and their agents and successors for a four-year period.

D. Cooperation. The parties agree that they will cooperate to effectuate and implement all terms and conditions of this Decree, and exercise good faith efforts to accomplish the foregoing terms and conditions of this Decree.

E. Persons Covered by this Decree.

1. Definition of “Classes” or “Class Members.” Solely for purposes of Settlement and judicial approval of this Decree, the parties stipulate to the certification of the following Settlement Classes:

As to Damages and Injunctive Relief: All women employed by or otherwise affiliated with American Express Financial Advisors, Inc. as Financial Advisors at any time between December 8, 1998 and the date of preliminary approval (“Damages Class”).

As to Injunctive Relief Only: All women who applied to work for or otherwise become affiliated with and who were rejected by American Express Financial Advisors, Inc. for positions as Financial Advisors at any time between December 8, 1998 and the date of preliminary approval (“Injunctive Class”).

2. Certification. The Damages Class will be certified pursuant to Fed. R. Civ. P. 23(b)(2) and 23(b)(3); the Injunctive Class will be certified pursuant to Fed. R. Civ. P. 23(b)(2) only.

3. Opt-Out Provisions and Objections. Damages Class Members may request exclusion from the Damages Class by mailing to the Administrators a request for exclusion, as provided in the Notice, postmarked no later than a date specified in the Notice, which date shall be no later than twenty-one (21) days before the date scheduled for final judicial approval of this Decree. Damages Class Members who submit requests for exclusion from the Damages Class will give up their rights to object to the Settlement, to object to Class Counsel's application for attorneys' fees and expenses, and to participate in the Settlement and the distribution of any monies from the Settlement Fund; they will retain their right to pursue any remedies they may have on their own behalf and through their own legal counsel.

In the event the percentage of Damages Class Members who submit timely requests for exclusion is equal to or greater than one and one-half percent (1.5%), but less than three percent (3%) of the Damages Class, then the amount to be paid by Defendants pursuant to this Decree (\$31,000,000) shall be reduced by a percentage equal to the percentage of opt-outs. If the percentage of Damages Class Members who submit timely requests for exclusion is equal to or greater than three percent (3%), then Defendants, at their sole and exclusive option, may either: (1) elect to reduce the amount to be paid by Defendants pursuant to this Decree (\$31,000,000) by a percentage equal to the percentage of opt-outs; or (2) withdraw from and fully terminate this Decree pursuant to Section III.F. of this Decree. The percentage of opt-outs referenced in this paragraph shall be

calculated by dividing the number of persons opting out by the total number of notices mailed (including those notices subsequently returned as undeliverable). The parties shall agree on the class size and the number of individuals to whom mailed notice shall be directed. If AEFA's payment is reduced by any such percentage, then each of the three Portions of the Settlement Fund described in Section V below shall be reduced by the same percentage.

4. Opt-In Class For Age And/Or Unequal Pay Discrimination. Any Damages Class Member who could assert a claim for age or unequal pay discrimination and wishes to seek a distribution from the Settlement Fund for such discrimination claim(s), must affirmatively opt into this Action by so indicating on the Claim Form attached hereto as Exhibit C. Only by filing such a written consent may a Damages Class Member obtain a distribution from the Settlement Fund for her age and/or unequal pay discrimination claim. A Damages Class Member who could assert a claim for age and/or unequal pay discrimination but elects not to affirmatively opt into this Action will still be a Damages Class Member for purposes other than age and/or unequal pay discrimination unless said Damages Class Member opts out pursuant to Section III.E.3. above.

5. Poole and Kelly Claims. Both the damages and injunctive relief claims of Melissa Poole and Catherine Kelly are fully and finally settled and released through this Decree and the Release attached hereto as Exhibit B and incorporated herein.

F. Termination. If this Decree is not approved by the Court or the Settlement set forth in this Decree is terminated or fails to become effective in accordance with its terms (or, if following approval by this Court, such approval is reversed or modified), the parties shall be restored to their respective positions in this Action as of the date hereof; the terms and provisions

of this Decree shall have no force and effect and shall not be used in this Action or in any proceeding for any purpose; the Settlement Fund shall be returned to AEFA (after deducting costs of providing Notice to Class Members which have been already paid or incurred as of the date of termination); any Judgment entered by the Court in accordance with the terms of this Decree shall be treated as vacated, nunc pro tunc; and the litigation of the Action would resume as if there had been no Decree, with no stipulated Classes.

G. Release/Bar of Claims.

1. Agreement and General Release and Written Consent. Before receipt of any payment from the Settlement Fund, each Claimant shall execute and deliver to Class Counsel a Release in the form attached hereto as Exhibit B. Within seven days of receipt of a Release, Class Counsel will provide AEFA with the original Release and will retain a copy for Class Counsel's records. The terms of Exhibit B are a material part of this Decree and are hereby incorporated as if fully set forth in the Decree; if Exhibit B is not finally approved by the Court, the Decree cannot become effective and the Settlement set forth in this Decree shall terminate as provided in Section III.F. of this Decree. Any Claimant who does not execute and timely deliver a Release shall be ineligible for, and forever barred from receiving, monetary relief under this Decree, even if said Claimant has not opted out. Moreover, any Claimant under this Decree who could assert a claim for age or unequal pay discrimination as of the date of preliminary approval of this Decree who does not execute and timely file a written consent with the Court and has not executed and timely delivered a Release shall be ineligible for, and forever barred from receiving, monetary relief for her age or unequal pay discrimination claim under this Decree.

2. Dismissal With Prejudice. Within ten (10) business days after the Effective Date, this Action shall be dismissed with prejudice.

3. Res judicata. *Res judicata* shall apply to all Named Plaintiffs and Class Members except those who have been allowed by the Court to opt out under the provisions of this Decree and except that members of the Injunctive Class (other than Melissa Poole and Catherine Kelly) are not barred from seeking damages for the denial of their applications to become Financial Advisors.

IV. GENERAL INJUNCTIVE RELIEF MEASURES

A. Field Diversity Officer.

1. Appointment. AEFA shall appoint a Field Diversity Officer whose responsibilities may be shared by more than one person. The first officers appointed by AEFA will be Catherine Sweet and Paul Connolly. Any successor to either Catherine Sweet or Paul Connolly in their roles as Field Diversity Officer must be a person who, for purposes of fulfilling the Field Diversity Officer's responsibilities, reports to an AEFA executive vice president. AEFA shall notify Class Counsel at least twenty-one (21) days in advance of the appointment of any successor and allow Class Counsel to communicate any gender-related sensitivities or issues regarding the successor. Class Counsel's comments shall be considered by, but are not binding on, AEFA.

2. Communications. AEFA shall communicate the existence, functions, and identities of the Field Diversity Officer to all Financial Advisors no later than sixty (60) days after the Effective Date and shall notify all Financial Advisors of any successors.

3. Responsibilities of the Field Diversity Officer. The Field Diversity Officer position shall have a written job description which specifies the following responsibilities: (a) oversee implementation of the Decree and perform all duties

enumerated therein; (b) review and make recommendations on Decree implementation issues brought to the Field Diversity Officer's attention by AEFA personnel; (c) make recommendations on diversity practices at AEFA related to the allegations raised in the Complaint; (d) oversee resolution of complaints regarding alleged gender discrimination or harassment or complaints regarding AEFA's alleged noncompliance with the Decree; and (e) review and approve all Employee Leader promotions to the AVP level and above.

4. Assistance for Field Diversity Officer. The Field Diversity Officer, at his or her discretion, may utilize persons who report to the Field Diversity Officer to assist the Field Diversity Officer in fulfilling the responsibilities entrusted to the Field Diversity Officer pursuant to this Decree. Where such assistance is rendered, the Field Diversity Officer shall oversee the work of the assisting employees.

5. Performance Rating. Fulfillment of the responsibilities of the Field Diversity Officer shall be an express written criterion in the Field Diversity Officer's performance review, which shall specifically include an annual rating as to this criterion, and as a result, shall be a factor in the Field Diversity Officer's compensation. Class Counsel shall be provided annually with a copy of the Field Diversity Officer's rating on this criterion only and shall not have access to any other portions of the performance review.

B. Diversity Training.

1. Diversity Training for Employee Financial Advisors. AEFA will provide to all employee Financial Advisors (except for those employee Financial Advisors hired after the Effective Date ("Newly Hired Employee Financial Advisors")) mandatory diversity training through real-time web-based training within one year of the Effective

Date. AEFA will provide diversity training through real-time web-based training for Newly Hired Employee Financial Advisors within the first six months of their hire date or one year of the Effective Date, whichever is later. AEFA also will provide one mandatory follow-up real-time web-based training to each employee Financial Advisor during the term of the Decree, unless the employee Financial Advisor terminates prior to the follow-up training, or was hired during the final 18 months of the Decree.

AEFA must submit the identity of the provider and the proposed curriculum or modifications thereto for all diversity training to Class Counsel for approval within at least sixty days prior to the commencement of said training; such approval shall not be unreasonably withheld, and Class Counsel's approval or disapproval shall be given no later than thirty days before commencement of said training.

2. Diversity Training for Employee Leaders. AEFA will provide to all Employee Leaders within the first year following the Effective Date mandatory in-person diversity training. Training must include the subjects of gender bias in hiring, promotion and workplace environment. Thereafter, on an annual basis for the period of the Consent Decree, AEFA shall provide either in-person or real time web-based mandatory diversity training to Employee Leaders.

AEFA must submit the identity of the provider and the proposed curriculum or modifications thereto for all diversity training to Class Counsel for approval within at least sixty days prior to the commencement of training; such approval shall not be unreasonably withheld, and Class Counsel's approval or disapproval shall be given no later than thirty days before commencement of said training.

3. Records. During the term of this Decree, AEFA shall maintain records of (i) employees and Employee Leaders attending diversity training; (ii) materials used in such training and any modifications thereto; and (iii) any evaluation forms completed by attendees. AEFA shall provide copies of said records to Class Counsel twice per year.

C. Guidelines for Company-Sponsored Activities. No later than sixty days after the Effective Date, AEFA will establish written guidelines, which must be approved by Class Counsel, such approval not to be unreasonably withheld, for employee Financial Advisors and Employee Leaders on appropriate company-sponsored activities for employees. The guidelines shall address the inclusion of diverse members of AEFA's workforce in company-sponsored activities, as well as the appropriateness of the activity in light of the ways in which diverse members of AEFA's workforce might perceive or react to the activity.

D. Hiring.

1. Good Faith Hiring Goals. AEFA will use good faith efforts to hire new employee Financial Advisors at the following rate for each of the following years: (1) 2002 calendar year: 26% women; (2) 2003 calendar year: 28% women; (3) 2004 calendar year: 30% women; and (4) 2005 calendar year: 32% women.

2. Records. During the term of this Decree, AEFA shall maintain and provide to Class Counsel twice per year records reflecting the percentage of women hired in the aggregate and by market group. Reports shall be produced no later than four weeks after the close of the second and fourth quarters.

E. Leads/Marketing Opportunities.

1. Marketing Opportunities/Client Acquisition Allowance for All Employee Financial Advisors. AEFA will provide to each employee Financial Advisor a client

acquisition allowance, and will stratify employee Financial Advisors by length of service, providing the same sum to each Financial Advisor within a given length-of-service category. Employee Financial Advisors may use the allowance as they see fit for client acquisition activities and expenses, including but not limited to purchase of leads, funding of client seminars, or other activities. Non-employee Financial Advisors will not receive the client acquisition allowance.

2. Leads. All client leads will be purchased through a distribution center which AEFA will establish at its corporate headquarters. AEFA will distribute such leads to Financial Advisors without regard to gender on a randomized basis, pursuant to objective criteria to be developed by AEFA. The criteria shall be provided before implementation of the program for Class Counsel approval, which shall not be unreasonably withheld. The objective criteria may be amended by AEFA during the term of the Decree, with approval of Class Counsel, which shall not be unreasonably withheld. Lead distribution will be subject to availability. To the extent AEFA distributes leads as part of a Financial Advisor's client acquisition allowance, such distribution will be done randomly pursuant to the objective criteria.

3. Leads Database. AEFA will create and maintain a centralized database for lead distribution, both for purposes of improving the objectivity of its lead distribution and for compliance with this Decree. The database will be configured to allow tracking both by lead and by Financial Advisor. Each lead will be tracked for the life of the lead (e.g. by client name). The database will include Financial Advisor name, Financial Advisor number, Financial Advisor status, gender, office location, market group and hire date. For each Financial Advisor, the number of leads requested, the type of lead

requested, the number of leads assigned, the type of leads assigned, whether each lead assigned is a refreshed lead, and the amount the Financial Advisor is personally charged for the lead will be preserved in the database. When a Financial Advisor obtains a lead, she shall be informed if it is a refreshed lead. The Field Diversity Officer shall receive no less than twice annually printouts of lead distribution, broken down by market group, and review said printouts for equitable distribution.

4. Records. During the term of this Decree, AEFA shall provide to Class Counsel twice per year reports in hard copy and computer readable form setting forth the information in the preceding paragraph from AEFA's centralized database for the preceding two quarters. Reports shall be produced no later than four weeks after the close of the second and fourth quarters.

5. Business Development Portion. The \$4 million Business Development Portion, referenced in Section V.E. of this Decree, is separate and distinct from the client acquisition allowance referenced in this section, and any distribution from the Business Development Portion shall be in addition to the client acquisition allowance.

F. Account Assignments.

1. Criteria. To the extent that AEFA assigns client accounts to its Financial Advisors, it will do so according to the following centrally established objective criteria. Client accounts will be assigned to Financial Advisors without regard to gender by designated client account assignment coordinators in their respective market groups, on a randomized basis, according to the central objective criteria, which shall include geography, Financial Advisor productivity, specialty expertise, and account value index. The definition of the criteria will be provided before implementation to Class Counsel for

approval, which shall not unreasonably be withheld. For Financial Advisors employed by or otherwise affiliated with AEFA for six months or less, the central objective criteria may not include Financial Advisor productivity as a factor. The criteria shall be kept in writing at AEFA corporate headquarters, and may be amended from time to time within the term of this Decree with prior notice to Class Counsel.

Notwithstanding the criteria, client-initiated preference regarding specific Financial Advisors will be followed in all instances. In addition, non-employee Financial Advisors may reassign their client accounts pursuant to AEFA's successor policy.

2. Account Assignment Database. AEFA shall create and maintain a centralized database at corporate headquarters of all client account assignments and all Financial Advisors eligible to receive client account assignments according to the predetermined objective criteria. The database of eligible Financial Advisors will be updated monthly with newly eligible Financial Advisors being entered into the system. The database must be accessible to persons in the market groups responsible for account assignment, and must be utilized by those persons for all client account assignments. The database shall include data concerning each Financial Advisor as to each of the objective criteria. It shall also include, both by client account and Financial Advisor, the following information: Financial Advisor name, Financial Advisor number, Financial Advisor status, gender, office location, market group, length of service, the value for each account assigned, the assigning leader if applicable, and whether the client made a specific request for the Financial Advisor. Each client account coordinator shall collect information from the market group regarding each assignment to the extent necessary to

create and maintain the report. The market groups shall send to the Field Diversity Officer a report two times per year after the Effective Date.

3. Records. During the term of this Decree, AEFA shall provide to Class Counsel twice per year reports in hard copy and computer readable form setting forth the information in the preceding paragraph from AEFA's centralized database for the preceding two quarters. Reports shall be produced no later than four weeks after the close of the second and fourth quarters.

G. Promotions.

1. Posting. AEFA shall electronically post for a minimum of seven (7) days openings for all Employee Leader positions. The posting shall include written selection criteria, minimum qualifications, and essential job functions. AEFA will make promotion decisions without regard to gender. Each posting shall include the following EEO statement: "AEFA is an equal opportunity employer. It encourages all qualified applicants, regardless of race, gender, national origin, age, disability, sexual orientation, or other protected class status, to apply. It makes all selection decisions based on job-related criteria, without regard to the applicant's protected class status."

2. Interview. After receiving applications for any such opening, AEFA shall interview, if available, at least two applicants of each gender who meet the minimum qualifications stated in the posting.

3. Approval and Review of Promotions. Promotion decisions for Employee Leader positions at the level of AVP and above require express written approval of the Human Resources Department and the responsible Senior Vice President. The Field Diversity Officer shall review all promotion decisions to Employee Leader positions at

the level of AVP and above, which shall not be final without the Field Diversity Officer's written approval.

4. Reason for Promotion Decision. In those cases where a male applicant is selected for promotion over a minimally qualified female applicant, AEFA shall set forth in writing the reason why the minimally qualified female applicant was not selected. Applicants shall not be provided the written reason.

5. Diversity Training. AEFA's diversity training for Employee Leaders shall include the subject of promotion practices, including interviewing techniques and gender sensitivities. The curriculum also will incorporate training on AEFA policy that applicants for promotions may not be questioned about their family obligations.

6. Communication. No later than sixty days after the Effective Date, AEFA shall create and communicate the availability of a leadership training development program which shall be available to all Financial Advisors regardless of gender.

7. Promotions Database. AEFA shall maintain written selection criteria for all Employee Leader positions. The written selection criteria for each position will be uniform and AEFA will use good faith efforts to apply said criteria to all applicants consistently. AEFA shall also maintain computer readable data for all applicants for vacancies for all Employee Leader positions. Said data shall include the name, Financial Advisor number, Financial Advisor status, gender, office location, market group, date of hire, previous three positions at AEFA, current salary and compensation and salary for previous three positions, name and Financial Advisor number for each person who applied for each position and the name and Financial Advisor number of the person selected for the position and any written reasons required by Section IV.G.4. Moreover,

AEFA shall maintain copies of all postings for Employee Leader positions, including the complete job description, EEOC statement, and responses to the postings as well as documents sufficient to describe the Field Diversity Officer's approval of field supervisor promotion decisions. Each decisionmaker shall forward to the Field Diversity Officer periodic reports documenting promotional decisions referenced in this Section.

8. Records. During the term of this Decree, AEFA shall provide to Class Counsel twice per year reports in hard copy and computer readable form setting forth the information in the preceding paragraph from AEFA's centralized database for the preceding two quarters. Reports shall be produced no later than four weeks after the close of the second and fourth quarters.

H. Mentoring.

1. Voluntary Mentoring Program. AEFA shall create a meaningful mentoring program available on a voluntary basis to all female Financial Advisors. AEFA shall make good faith efforts to obtain female Financial Advisor mentors to participate on a voluntary basis in promoting the success of their mentees. AEFA shall publicize the program annually during the term of the Decree, and encourage Financial Advisors to voluntarily participate. Depending on the availability of mentors, AEFA shall match mentors to mentees, and provide reasonable support for the program. At its sole discretion, AEFA may expand the voluntary mentoring program to include all Financial Advisors.

2. Records. During the term of this Decree, AEFA shall provide to Class Counsel twice per year documents sufficient to describe AEFA's notice of the mentor

program, solicitation of mentors, assignment of mentors and any feedback on the program received by AEFA.

I. Terminations.

1. Exit Interview Form. AEFA shall prepare and post an exit interview form electronically and encourage departing Financial Advisors to complete and submit the form to AEFA. Twice per year, AEFA shall provide Class Counsel with an excerpt of any portion of the exit forms completed by female Financial Advisors which relate to any subject covered by this Decree.

2. Inquiries from Prospective Employers. In the event that employers inquire about departed AEFA Financial Advisors, it shall be the policy of AEFA that responses be provided solely by AEFA corporate Human Resources. AEFA will inform all Employee Leaders of this policy by memorandum, and Employee Leaders shall refer any inquiries to Human Resources at the corporate office. Failure of an AEFA Employee Leader to follow this policy will not be considered a breach of this Decree. AEFA's corporate Human Resources department will provide only the last title held by Financial Advisor and dates of affiliation in response to any inquiring prospective employer.

J. Complaint Procedure. No later than sixty (60) days after the Effective Date, AEFA shall implement for all employee Financial Advisors the Complaint Procedure, a copy of which is attached hereto as Exhibit G. No later than sixty (60) days after the Effective Date, said Complaint Procedure shall be distributed to all financial advisors.

V. MONETARY RELIEF

A. Settlement Fund. No later than 15 days after preliminary approval of this Decree, AEFA shall pay by wire transfer to the Depository Bank (pursuant to transfer instructions to be

provided by Class Counsel within seven days after execution of this Decree by all parties) the sum of thirty-one million dollars (\$31,000,000) plus interest, that has accrued at an annual rate of two percent (2%) from the date the Decree is executed by all parties to the date of deposit. This payment is made in order to satisfy the claims of all Named Plaintiffs and Damages Class Members as well as for other purposes identified in this paragraph. The monies so transferred, together with interest subsequently earned thereon, shall constitute the Settlement Fund. With the exception of additional administrative costs associated with the distribution of funds to Business Development Fund Claimants to be paid by AEFA (not to exceed \$50,000), the above-described \$31 million Settlement Fund shall constitute all the funds or monies to be paid by AEFA in connection with: (1) the resolution of this matter; (2) this Decree (and attachments); and (3) the dismissal of this Action. This sum is inclusive of payment for: (1) all awards to and on behalf of Named Plaintiffs and Damages Class Members; (2) attorneys' fees and expenses of Plaintiffs and the Classes; (3) all costs of notice and settlement administration; (4) all taxes imposed on the Settlement Fund subsequent to the date of its creation by Defendants' transfer to the Depository Bank and all expenses related to those taxes, and (5) applicable federal, state and local income taxes, the employer and employee portions of FICA under Subtitle C of the Code, and all federal and state unemployment taxes required to be withheld and/or paid, with the exception of any taxes or expenses covered by the indemnification set forth at Section ____.

Nothing in the foregoing sentence, however, shall release AEFA from expending the resources required to fulfill its responsibilities under this Decree.

B. Creation and Administration of Settlement Fund.

1. Creation.

a) The Settlement Fund shall be established as a Qualified Settlement Fund under Section 468B of the Internal Revenue Code and administered by the Administrators under the Court's supervision in accordance with Administrative Order No. 1. The Settlement Fund will consist of three portions: the Claims Portion (the amount of \$17,500,000 plus interest and earnings), the Business Development Portion (the amount of \$2,600,000 plus interest and earnings) and the Monitoring Portion (the amount of \$10,850,000 plus interest and earnings). The first two portions shall together be referred to as the "Claimant Portions." Applicants for awards for the first two portions shall together be referred to as "Claimants," and recipients of awards from the first two portions shall together be referred to as the "Eligible Claimants."

b) From the Settlement Fund and any income earned thereon, Eligible Claimants may receive payments, and Class Counsel shall be paid all fees and reimbursed for expenses incurred. Tax reserves and an appeal fund may be created out of the Settlement Fund and set aside before allocating the Settlement Fund among Eligible Claimants or Payees.

c) Thirty-five thousand dollars (\$35,000) shall be allocated to pay Catherine Kelly to settle her claims against AEFA, and twenty thousand dollars (\$20,000) shall be allocated to pay Melissa Poole to settle her claims against AEFA.

2. Administrators' Administrative Responsibilities. In administering the Settlement Fund, the Administrators shall be bound by the terms of the Court's Administrative Order No. 1, as that order may in the future be supplemented or amended

by the Court to administer and carry out the purposes of the Decree, provided that no such supplementation or amendment shall alter the terms of the Decree or any of its attachments.

C. Claims Filing Procedures For Settlement Of Claims Of Plaintiffs And Damages

Class Members. Damages Class Members shall be entitled to submit their claims to Class Counsel, under penalty of perjury, in accordance with the procedures set forth on the Claim Form attached hereto as Exhibit C. Any Damages Class Member who previously released claims which would otherwise be covered by this Decree, or who obtained a final judicial determination concerning claims which would otherwise be covered by this Decree, is not eligible to receive an award from the Claims Portion for those claims.

In order to receive an award from the Claimant Portions, a Damages Class Member must submit a Claim Form postmarked or hand delivered by a date to be established by the Court; provided, however, that if a Damages Class Member could assert a claim for age and/or unequal pay discrimination, she must also affirmatively and timely opt in to the Action in order to claim any such award from the Claimant Portions. Claim Forms postmarked after that date shall not be eligible, unless the Court determines that the reason for a late filing constitutes excusable neglect. Claim Forms shall be processed and reviewed by the Administrators. The Administrators shall recommend monetary awards from the Claimant Portions to the Court under seal.

D. Distribution Formula. Pursuant to a formula ordered by the Court, and in an effort to promote both fairness and efficiency, each Claim Form will be awarded points after

review and after such verification as the Administrators deem appropriate of the information provided on the Claim Form. Verification may include, among other things, checking the relevant information on computerized databases maintained by the Administrators and Claimants' tax returns. The details of the point system to be applied are subject to Court approval on recommendation by Class Counsel after Claim Forms are received. The point system shall be applied uniformly, will not be discretionary after approval and may be amended only by Court Order. The total points awarded to all Claimants will be aggregated, and each Claimant's proportionate share of the total points will be determined. The Claimant shall then be allocated a commensurate proportion of the Claims Portion. Subject to Court approval, a Claimant may be required to obtain a minimum number of points to qualify for a monetary award. All monetary awards shall be subject to the review and approval of the Court before disbursement. All Damages Class Members receiving awards will be required to keep the amount of the awards confidential from everyone except Class Counsel, or any attorney, tax or Financial Advisor representing them or their spouse, life partner or members of their immediate family.

The Administrators will submit the proposed formula as soon as practicable following the expiration of the claims filing period. The Court will not conduct a hearing to hear argument on what the formula should be; however, a Claimant may have input into it either by writing to Class Counsel at the address set out in the Notice and/or by filing such materials with the Court as the Claimant deems necessary (provided she also provides complete copies of such to Class Counsel at least five (5) days in advance of filing with the Court). In determining approval of the distribution formula, the Court may take into account several factors, including: (1) tenure as a Financial Advisor affiliated with AEFA; (2) denial of leads; (3) denial of promotions;

(4) denial of accounts; (5) denial of training, mentoring or marketing opportunities; (6) hostile work environment; (7) unequal compensation; (8) termination or constructive discharge; (9) age; (10) contributions to the prosecution of the litigation; and (11) economic losses and/or evidence warranting entitlement to compensatory damages. AEFA shall have no duty or obligation to produce additional documents, data or other information.

E. Business Development Portion.

1. Business Development Portion. The parties agree that \$4 million of the \$31 million Settlement Fund, plus proportionate interest and earnings, shall be designated as the “Business Development Portion” to be distributed to Damages Class Members who submit Claim Forms and are current Financial Advisors and have been for no longer than seven years at the time the business development expense is incurred (“Eligible Business Development Claimants”). However, the seven-year restriction is not applicable to Named Plaintiffs. No business development expense incurred prior to the Effective Date shall be reimbursable by the Business Development Portion. The Business Development Portion is subject to attorneys’ fees and costs in the same proportion as the remaining \$27 million of the total Settlement Fund. The Administrators shall recommend how much each Eligible Business Development Claimant initially will be allocated, pursuant to an allocation formula to be provided to AEFA and approved by the Court. The Administrators shall notify each eligible Business Development Claimant of her business development allocation, provide her a Business Development Claim Form and an explanation of the Business Development Claim process. The Eligible Business Development Claimants shall use their allocated awards for the purposes of business development, client entertainment, other marketing, training or education. Such awards

are to be in addition to all other funds made available generally to Financial Advisors for marketing or business development purposes.

2. Obtaining Distributions from the Business Development Portion. In order to obtain a distribution from the Business Development Portion, an Eligible Business Development Claimant must timely submit a Claim Form and submit to the Field Diversity Officer and the Administrators a fully executed Business Development Claim Form. An Eligible Business Development Claimant may submit more than one Business Development Claim Form during the term of the Decree as long as the aggregate total sought by that Claimant does not exceed the total allocated for distribution to that Claimant.

3. Approval of Business Development Claim Forms by Diversity Officer. The Field Diversity Officer shall oversee the approval of completed Business Development Claim Forms submitted by Eligible Business Development Claimants, except that the Administrators shall determine whether the requested distribution exceeds the total allocated for distribution to each Eligible Business Development Claimant. The Field Diversity Officer shall oversee the approval of each Business Development Claim Form submitted by an Eligible Business Development Claimant which shall be approved if it comports with the existing internal approval process at AEFA, the business development expense was incurred after the Effective Date, and said Eligible Business Development Claimant: (1) is a Damages Class Member who timely submits a Claim Form; (2) is a Damages Class Member who timely submits a fully executed Business Development Claim Form on or after the Effective Date; (3) is affiliated with AEFA as a Financial Advisor at the time the business development expense is incurred, whether as

an employee or independent contractor; (4) will incur (within one hundred twenty (120) days after execution of said Business Development Claim Form) or has already incurred a specific business development, client entertainment, other marketing, training or education expense relevant to the Eligible Business Development Claimant's Financial Advisor practice with AEFA, which is sufficiently identified on said Form; (5) is and remains affiliated with AEFA as a Financial Advisor at the time the above-described expense is incurred; and (6) executes and submits the Release attached hereto as Exhibit B if she has not already done so. In the event that the business development expense has already been incurred, documentation to support that expense, including all receipts must be attached to the Business Development Claim Form. If the business development expense has not yet been incurred because the Business Development Claim form was submitted to obtain prepayment for a business development expense, the Eligible Business Development Claimant shall within sixty days of incurring the business development expense submit documentation (including all receipts) to the Field Diversity Officer to demonstrate that the funds disbursed were spent as approved. In the event that the expense is not incurred within 120 days after execution of the Business Development Claim Form, the documentation is not submitted to the Field Diversity Officer in a timely fashion, the Field Diversity Officer determines that the documentation does not support the claim, or the Eligible Business Development Claimant's employment or other affiliation with AEFA terminates (voluntarily or involuntarily) prior to incurring the expense, the Eligible Business Development Claimant must refund to the Administrators the amounts disbursed to said Eligible Business Development Claimant, and said funds shall be redeposited into the Business Development Portion.

The Field Diversity Officer shall provide a written explanation to the Administrators for any Business Development Claim Forms which are denied. No request contained in a Business Development Claim Form will be denied for any reason other than the criteria embodied in this Section, including AEFA's existing internal approval process. Any Eligible Business Development Claimant who disputes the denial of her request may seek reconsideration by submitting to the Field Diversity Officer in writing a request for reconsideration setting forth the basis for her belief that her requests met all of the criteria referenced in this Section. The Field Diversity Officer shall provide the Administrators by mail with: (1) a copy of any request for reconsideration; and (2) a copy of the Business Development Claim Form. The Administrators shall have an opportunity to provide input if provided no later than ten (10) business days after the Field Diversity Officer mails the Administrators a copy of the request for reconsideration and a copy of the Business Development Claim Form. At any time following the tenth business day, but no later than the seventeenth business day, the Field Diversity Officer shall make the final decision on the request for reconsideration. The Administrators may, on behalf of a Business Development Claimant, appeal any denial of a request for reconsideration to the Special Master.

4. Notification of Administrators. On a quarterly basis, the Field Diversity Officer shall notify the Administrators in writing whether Business Development Claim Forms submitted by the Eligible Business Development Claimants have been approved or denied and shall provide the Administrators with all denied Business Development Claim Forms. Such notification shall take place prior to the end of the quarter each Business Development Claim Form was submitted for Forms submitted prior to thirty (30) days

before the end of the quarter. For Business Development Claim Forms submitted thirty (30) days or less before the end of the quarter, such notification shall take place prior to the end of the subsequent quarter. Submission is effective upon receipt by the Field Diversity Officer. The quarterly reporting periods coincide with the following dates of each relevant year: April 1, July 1, October 1, January 2, or, if a weekend or holiday, the first business day thereafter. Notification by the Field Diversity Officer is effective upon mailing to the Administrators.

5. Approval of Business Development Claim Form by Administrators. The Administrators shall approve any Business Development Claim Form previously approved by the Field Diversity Officer as long as its approval would not cause the Eligible Business Development Claimant to exceed the total amount allocated for distribution to that Claimant.

6. Timing of Distribution of Business Development Portion. The Administrators shall pay to Eligible Business Development Claimants from the Business Development Portion the amounts requested on any Business Development Claim Forms which have been approved by the Field Diversity Officer and the Administrators within thirty (30) days following the Administrators' receipt of notification from the Field Diversity Officer that the amounts requested have been approved. Payment to the Eligible Business Development Claimants by the Administrators is effective upon mailing.

7. AEFA Communication to Eligible Business Development Claimants. AEFA shall communicate to Eligible Business Development Claimants that the distributions available from the Business Development Portion are in addition to regular

business development and marketing funds generally available to Financial Advisors. Moreover, the mailed Notice shall reflect that the distributions available from the Business Development Portion to Eligible Business Development Claimants are in addition to regular business development and marketing funds generally available to Financial Advisors.

8. Reallocation and/or Disposal of Unused Funds. In the event a person who otherwise would qualify as an Eligible Business Development Claimant terminates her affiliation with AEFA prior to obtaining reimbursement of all funds allocated to that person, those funds shall be made available for distribution to remaining Eligible Business Development Claimants pursuant to the process described in Administrative Order No. 1. Notwithstanding the requirement in Section V.E., the Administrators may, in their sole discretion, distribute reallocated funds to Eligible Business Development Fund Claimants even if such Claimants have not submitted a timely Claims Form. However, any Eligible Business Development Claimant receiving such reallocated funds must, before receiving any such funds, execute the Release attached hereto as Exhibit B if she has not already done so. In the event that the full amount of the Business Development Fund is not distributed by the expiration of the Decree, said remainder shall be donated to an organization which qualifies as a tax deductible charitable organization under the Internal Revenue Code.

9. Records. During the term of this Decree, AEFA shall maintain and provide the Administrators twice per year with documents sufficient to verify that the Business Development Portion is in addition to other funds available to Financial

Advisors for marketing/business development purposes (including the funds available to Financial Advisors from their client acquisition allowance).

F. Tax Treatment.

1. Qualified Tax Status and Tax Responsibilities. The Settlement Fund shall be established as a Qualified Settlement Fund within the meaning of Section 468B of the Internal Revenue Code of 1986, as amended (the “Code”) and any Treasury Regulations promulgated thereunder, and shall be administered by the Administrators under the Court’s supervision in accordance with Administrative Order No. 1. The parties shall cooperate to ensure such treatment and shall not take a position in any filing or before any tax authority inconsistent with such treatment.

2. Payment of All Federal, State and Local Taxes By the Settlement Fund. The Settlement Fund shall pay to the appropriate taxing authorities any and all federal, state and local taxes that may be imposed on the Settlement Fund; (2) any applicable federal, state and local income taxes and employer and employee FICA taxes under Subtitle C of the Internal Revenue Code, and federal and state unemployment taxes required to be paid and/or withheld pursuant to this Decree, Administrative Order No. 1, or any applicable law. The Administrators shall arrange for the preparation and filing of all tax reports and tax returns required to be filed by the Settlement Fund and for the payment from the Settlement Fund of any taxes owed by the Settlement Fund and/or required to be withheld and/or deducted from distributions to Plaintiffs and Damages Class Members. The Administrators also shall arrange for the preparation, filing and issuance of any required IRS Forms 1099, W-2s or other tax related forms (including

forms required by any state and local tax authorities) related to payments made to Plaintiffs and Damages Class Members from the Settlement Fund.

3. Indemnification by Plaintiffs and Damages Class Members. For purposes of this indemnification, each Plaintiff and Damages Class Member who receives a payment from the Settlement Fund shall be fully and ultimately responsible for payment of any and all federal, state or local taxes (excluding the employer share of employment taxes and unemployment taxes) resulting from or attributable to the payment received by such Damages Class Member. Each Plaintiff and Damages Class Member shall indemnify and hold AEFA, Class Counsel, the Depository Bank and the Administrators harmless from any tax liability, including penalties and interest, related in any way to any acts or omissions on the part of the Plaintiff or Damages Class Member, and shall indemnify and hold AEFA harmless from the costs (including, for example, attorneys' fees and disbursements) of any proceedings (including, for example, investigation and suit), related to such tax liability. In all cases in which the tax liability that arises is not attributable to any acts or omissions on the part of a Plaintiff or Damages Class Member, the Plaintiff or Damages Class Member shall indemnify and hold AEFA, Class Counsel, the Depository Bank and the Administrators harmless from such tax liability, but not penalties and interest and not the costs of any proceedings related to such tax liability.

4. Determining Independent Contractor/Employee Classification. In those circumstances where a distribution will be made to a Plaintiff or Damages Class Member from the Settlement Fund, and for purposes of issuing Forms 1099s and Forms W-2, tax withholding and reporting, or otherwise complying with its obligations under applicable tax law, the Administrators shall follow the classifications historically used by AEFA to

establish whether the Plaintiff or Damages Class Member was an employee or independent contractor for the time period in question.

5. AEFA Has No Obligation, Liability or Responsibility. AEFA shall have no withholding, reporting or any other tax reporting or payment responsibilities with regard to the Settlement Fund or its distribution to Plaintiffs and Damages Class Members. Moreover, AEFA shall have no liability, obligation, or responsibility for the administration of the Settlement Fund, the determination of any formulas for disbursement, or the disbursement of any monies from the Settlement Fund except for (1) its obligation to pay the settlement amount plus applicable interest no later than 15 days after preliminary approval of this Decree; (2) its agreement to cooperate in providing information which is necessary for settlement administration set forth herein; and (3) its administration and payment obligations with regard to the Business Development Portion, as described in Section V.E. of the Decree; (4) any payments to the Special Master referenced in Exhibit F; and (5) the indemnification obligation as described in the following paragraph.

6. Limited Indemnification of the Administrators by AEFA. No later than 21 business days after preliminary approval, AEFA shall provide to Class Counsel by letter a computer readable list that reflects the historical classification for each Plaintiff or Damages Class Member between December 8, 1998 and the date of preliminary approval. AEFA shall indemnify and hold the Administrators harmless from any tax liability, including penalties and interest, and shall indemnify and hold the Administrators harmless from the costs (including, for example, attorneys' fees and disbursements) of any proceedings (including, for example, investigation and suit), related to such tax

liability or threatened liability, solely and only with respect to any challenge by taxing authorities to the correctness of the classifications contained in the list as long as the Administrators' classifications of the Plaintiffs and Class Members for employment tax and reporting purposes did not deviate from the classifications contained in the list. AEFA shall not indemnify the Administrators for any other liability, including, but not limited to, liabilities arising out of the Administrators' deviations from the list, any decision to allocate a greater or lesser proportion of an award to one or more service periods as compared to other service periods, the formula pursuant to which the distributions will be made, the Administrators' reporting decisions regarding any item and the Administrators' withholding decisions which do not relate directly to AEFA's historic classification of independent contractors and employees.

7. Right to Defend. The Administrators shall immediately notify AEFA in writing upon receipt of any notice of any tax audit, assessment, claim or investigation ("Classification Claim") that falls within the scope of the limited indemnification provided by AEFA in the paragraph above. AEFA shall, at its own expense, represent the interests of the Settlement Fund in connection with said Classification Claim to the extent it may result in a tax liability of AEFA pursuant to the limited indemnification given to the Administrators in the preceding paragraph. AEFA shall not be obligated to pay any attorneys' fees or expenses of any additional counsel that the Administrators or the Fund may retain in connection with any Classification Claim.

VI. MONITORING

A. Monitors. AEFA's internal monitors shall be the Field Diversity Officer, described in Section IV.A. above. Class Counsel shall monitor on behalf of the Plaintiffs and the Class Members. AEFA will provide Class Counsel sixty (60) days notice of any change in

monitors and the identity of the successor. Class Counsel will have thirty (30) days to provide any comments on the successor.

B. Semi-annual Meetings. During the term of this Decree, Class Counsel, the Field Diversity Officers and Counsel for AEFA will meet in person or by telephone conference call twice per year following production of required reports to Class Counsel. The participants shall discuss implementation of and compliance with the terms of this Decree, and shall make good faith efforts to resolve potential issues short of resort to enforcement mechanisms. Any information obtained by Class Counsel during these meetings shall be treated as confidential and shall not be used for any purpose except for enforcement of this Decree.

VII. ENFORCEMENT

A. Complaint Procedure

1. Grounds for Female Financial Advisor Complaints. Within sixty days of the Effective Date, AEFA shall inform all female Financial Advisors in writing that if they believe AEFA has not complied with the terms of this Decree, they may complain in writing or verbally to AEFA management, Human Resources or the Field Diversity Officer. The grounds for such complaints include that: they are being treated unfairly as compared to male Financial Advisors, are being harassed because of their gender, are being retaliated against because of their status as a Class Member or Plaintiff, or believe that AEFA has not complied with any terms or obligations under this Decree.

2. Procedural Requirements. If said complaint is made to AEFA management, Human Resources or the Field Diversity Officer, it shall be reduced to writing and maintained in the Diversity Office, along with AEFA's response to the complaint. Any manager who receives such a complaint, whether oral or in writing, shall forward it to the Field Diversity Officer. The Field Diversity Officer shall maintain a log

of complaints, investigations and results. AEFA shall provide the log to Class Counsel on a semiannual basis, along with copies of written complaints and investigation results for the preceding two quarters.

3. Information Provided to Complainant. AEFA shall provide in writing to every female employee who complains verbally or in writing to AEFA management, Human Resources or the Field Diversity Officer regarding the issues referenced in section VII.A.1. the following: A copy of the Complaint Procedure; a copy of this Decree; and the name, address and phone numbers of Class Counsel, all within three (3) business days of the complaint.

4. Investigation of Complaints. Consistent with Section IV.A.4., the Field Diversity Officer shall be responsible for overseeing investigation of all such complaints. Investigations shall be completed within thirty (30) days after receipt of the complaint. The investigation results, including any remedial measures, shall be maintained by the Field Diversity Officer and provided to the complainant and Class Counsel.

B. Enforcement Procedure.

1. Enforcement. The parties reserve all rights in connection with any enforcement proceedings, including, but not limited to, the right to propose remedies. The absence of enforcement provisions in this Decree shall not limit the remedies sought Class Counsel or those to be ordered by the Special Master and their enforcement by the Court. Moreover, nothing in this Decree precludes Class Counsel from proposing a remedy to Defendants in connection with discussions with the Field Diversity Officer prior to the institution of any enforcement proceeding.

2. Conditions Precedent. Class Counsel may pursue enforcement of this Decree only after providing written notice and an opportunity to cure as provided below and only after conferring in good faith in an effort to resolve the issue.

3. Meeting of Class Counsel, Field Diversity Officer and Counsel for AEFA. No later than twenty-one (21) days of AEFA's receipt of the written notice, Class Counsel, the Field Diversity Officer and Counsel for AEFA shall meet and confer in person or telephonically about the issue raised in the written notice in a good faith effort to resolve the issue.

4. Written Response. If the parties are unable to resolve the issue through discussion and negotiation, AEFA shall provide a written response to the allegation to Class Counsel within thirty (30) days after the meeting.

5. Right to Cure. AEFA shall have sixty (60) days from the date of the meeting to cure the violation, if any, and provide written notice of the cure to Class Counsel. If Class Counsel concludes that the cure is inadequate, enforcement proceedings may be commenced. Nothing in this Decree shall preclude any Class Member from pursuing whatever rights or remedies she otherwise may have, if any, outside the terms of the Decree.

6. Special Master. All proceedings, if any, shall be conducted before a Special Master to be appointed by the Court under Rule 53 in the city or cities selected by AEFA in AEFA's sole and unilateral discretion. The Order and Stipulation of Reference which, among other things, appoints the Special Master, identifies the powers of the Special Master, and describes the rules and procedures to be applied, is attached hereto as

Exhibit F. The terms of Exhibit F are hereby incorporated as if fully set forth in the Decree.

7. Special Master's Orders. The Special Masters' reports and recommendations once filed shall be full and enforceable orders of the Court and shall be final and binding on the parties without right of appeal without the right to further judicial review and/or appeal; provided, however, that before filing with the Clerk of this Court, the proposed findings of fact, legal conclusions and resolutions contained in the report and recommendations shall be circulated to the parties in draft pursuant to Rule 53(e)(5). The parties agree to this waiver of this right to judicial review and/or appeal because they value finality and wish to minimize the cost and uncertainty of further proceedings. The waiver is intentional, having been fully discussed and understood by each of the parties prior to execution of the Decree.

VIII. CONFIDENTIALITY

A. Documents and Information Exchanged Pursuant to Stipulation of Confidentiality. The documents and the information exchanged pursuant to the Stipulation of Confidentiality executed by defense counsel and Class Counsel and forwarded by Class Counsel to defense counsel on or about December 18, 2000 shall retain their confidential status, except to the extent that disclosure is necessary to obtain Court approval of this Decree. If such disclosure is deemed necessary by Class Counsel, Class Counsel shall identify the documents and information deemed necessary to disclose to AEFA four (4) business days prior to filing such documents with the Court, and if AEFA so request shall seek permission to file said documents with this Court under Seal.

B. Documents and Information Produced Pursuant to this Decree. The documents and information which are produced by AEFA to Class Counsel pursuant to any provision of this

Decree shall be treated as, and thereafter remain, confidential. Said documents and information shall not be disclosed to anyone other than the Court in connection with any proceeding to enforce any provision of this Decree. If such disclosure to the Court is deemed necessary by Class Counsel, Class Counsel shall identify the documents and information deemed necessary to disclose to Defendants four (4) business days prior to filing such documents with the Court, and if AEFA so request shall seek permission to file said documents with this Court under Seal.

C. Disposal of Confidential Documents and Information. Within thirty (30) days after the expiration of the Decree, the parties and their attorneys shall return, or at the producing party's option, destroy all documents, including all copies, in their possession that have been produced by the other parties and designated "Confidential for Settlement Purposes Only" or similar designation pursuant to the Confidentiality Agreement or that have been produced pursuant to any provision of this Decree. Nothing herein shall preclude any party from responding to a lawful discovery request, subpoena or court order; provided, however, that the party against whom such discovery is sought or such subpoena or order is directed agrees to provide immediate notice and a copy of same to counsel for the other parties to this Decree.

IX. PUBLICITY

Any written media communications any party intends to make shall be made available to opposing counsel at least 48 hours in advance to permit an opportunity to review and raise objections. If the parties cannot resolve any objections, they shall confer with mediator Linda Singer in an effort to mediate their differences prior to publication. The parties shall prepare their media communications consistent with the spirit, tone and scope of the Decree. The parties shall not publicly disparage each other or make inflammatory comments.

X. GOVERNING LAW

The parties agree that federal law shall govern the validity, construction and enforcement of this Decree. To the extent that it is determined that the validity, construction or enforcement of this Decree or any Release executed pursuant to its terms is governed by state law, the law of Minnesota shall apply.

This Decree, including the Exhibits hereto, contains the entire agreement and understanding of the parties with respect to the Settlement. This Decree does not impose any obligations on the parties beyond the terms and conditions stated herein. Accordingly, this Decree shall not prevent or preclude AEFA from revising its employment practices and policies or taking other personnel actions during the term of this Decree so long as they are consistent with this Decree.

Except as specifically provided for in this Decree, this Decree may not be amended or modified except with the express written consent of the parties and the approval of the Court.

XI. OTHER CONDITIONS OF SETTLEMENT

A. Exhibits. The Exhibits to this Decree are material and integral parts hereof and are fully incorporated herein by this reference.

B. Notices to Counsel. All notices to counsel required or desired to be given under this Decree shall be in writing and delivered by hand or by registered or certified mail, telegram or courier, or by facsimile confirmed by first-class mail, to counsel for the respective parties at their respective addresses set forth below (or to such other address as any such party may designate in a notice).

C. Failure to Insist on Strict Compliance. The failure of any party to insist in any one or more instances on strict compliance with the terms and conditions hereof shall not be construed to be a waiver of any prior or subsequent breach.

D. Decree Binding. This Decree shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, dependents, executors, administrators, trustees, legal representatives, personal representatives, agents, successors and assigns; provided, however, that this Decree shall not inure to the benefit of any third party.

E. No Drafting Presumption. All parties hereto have participated, through their respective counsel, in the drafting of this Decree and, therefore, this Decree shall not be construed more strictly against any party.

F. Paragraph Headings. Paragraph headings are for convenience of reference only and are not intended to create substantive rights or obligations.

G. Counterparts. This Decree may be executed in counterparts. Each signed counterpart together with the others shall constitute the full Decree.

H. Final and Binding. All parties to this Decree acknowledge that this Decree is final and binding in all respects.

I. Authorization. Each signatory to this Decree represents that each is fully authorized to execute this Decree and to bind the parties on whose behalf each signs.

DATED: January __, 2002

_____/S/
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Michael D. Lieder (DC No. 444273)
Steven M. Sprenger (DC No. 418736)
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ATTORNEYS FOR PLAINTIFFS
AND THE CLASSES

DATED: January 17, 2002

AMERICAN EXPRESS FINANCIAL ADVISORS, INC.

By _____ /S/ _____

IDS FINANCIAL SERVICES, INC.

By _____ /S/ _____

IDS LIFE INSURANCE, INC.

By _____ /S/ _____

AMERICAN EXPRESS FINANCIAL CORPORATION

By _____ /S/ _____

AMERICAN EXPRESS COMPANY

By _____ /S/ _____