

with both state and federal law. However, Class Counsel recognizes the expense and length of continued proceedings necessary to continue the litigation against Solstice through trial and through any possible appeals. Class Counsel has also taken into account the uncertainty and the risk of the outcome of further litigation, and the difficulties and delays inherent in such litigation.

Class Counsel is also aware of the burdens of proof necessary to establish liability for the Claims, of Solstice's defenses thereto, and of the difficulties in establishing damages for Plaintiffs. Class Counsel also has taken into account the extensive settlement negotiations conducted by Named Plaintiff and Solstice (the "Parties"). Based on the foregoing, Class Counsel believes the proposed Settlement is fair, adequate and reasonable and in the best interests of Plaintiffs.

Solstice has also concluded that the further defense of this litigation would be protracted and expensive for all Parties. Solstice has, therefore, agreed to settle this Action in the manner and upon the terms set forth in the proposed Settlement to put to rest all claims that are or could have been asserted against it in the Action.

For purposes of the Settlement, the Court has certified a Class consisting of all current and former Solstice employees who were employed by Solstice in a loan consultant position and/or loan processor position at any time from December 15, 2001 through December 31, 2005. Please be advised that the Court has not ruled on the merits of Plaintiffs' claims or Solstice's defenses.

IV. THE SETTLEMENT

The following is only a summary of the provisions of the proposed Settlement between Named Plaintiff, Plaintiffs and Solstice. The specific and complete terms of the proposed Settlement are described in the Stipulation and Settlement Agreement of Class Action Claims ("Settlement Agreement"), a copy of which is available for your review as set forth at the end of this Notice.

The Settlement has a maximum value of \$1,650,000 (the "Settlement Fund"). The Settlement Fund is made up of these parts: (1) the sum of the Gross Settlement Amounts paid from a Payout Fund, (2) a Fees Award to Class Counsel, (3) an Incentive Award to Named Plaintiff, and (4) the costs of administration of the Settlement. The Payout Fund is explained in this paragraph. The Fees Award and Incentive Award are explained in Section VI below. As explained above, all current and former employees of Solstice who were employed by Solstice in a loan consultant position and/or loan processor position at any time from December 15, 2001 through December 31, 2005 are defined as "Plaintiffs." All Plaintiffs are receiving this Notice. All Plaintiffs who do not request to be excluded from the Settlement as set forth in Section VIII below will be "Class Members." As a Class Member, if you wish to participate in the monetary recovery, you must sign and return the enclosed Claim Form / FLSA Consent Form as set forth below in Section V. You will then be a "Settlement Class Member." Solstice has agreed to make available to Plaintiffs a maximum of \$1,275,000 (the "Payout Fund"). Settlement Class Members will receive payment from the Payout Fund based on how long each Settlement Class Member worked in a loan consultant position and/or loan processor position for Solstice during the Class Period. Each Settlement Class Member's share of the Payout Fund is referred to as that Settlement Class Member's "Gross Settlement Amount." Solstice and Plaintiffs anticipate Gross Settlement Amounts will range from \$0 to \$52,181, with the average Gross Settlement Amount being \$3,072. From each Settlement Class Member's Gross Settlement Amount, payroll deductions will be made for state and federal withholding taxes and any other applicable payroll deductions owed by the Settlement Class Member as a result of the payment, resulting in a "Net Settlement Amount." The Net Settlement Amount that will be paid to each Settlement Class Member is the Settlement Class Member's "Settlement Award." The Settlement Awards will be paid within 30 days after the Effective Date.

V. CLAIM PROCEDURE FOR MONETARY RECOVERY / FLSA CONSENT PROCEDURE

A. The Settlement of this Action includes claims under both California state law and federal law. All Plaintiffs receiving this Notice will be bound by the Settlement as to their state law claims unless they request exclusion as set forth below in Section VIII. However, only Plaintiffs who complete, sign and return the enclosed Claim Form / FLSA Consent Form will become Settlement Class Members and receive payment. Federal law provides that Plaintiffs will not be bound by the Settlement of their federal law claims unless they complete the enclosed Claim Form / FLSA Consent Form. This means that when you complete, sign and return the Claim Form / FLSA Consent Form, you are doing two things: (1) requesting a monetary award and (2) consenting to join the federal action and to be represented by Named Plaintiff and his counsel. You therefore have three options:

- If you wish to receive a Settlement Award, you must complete, sign and return the Claim Form / FLSA Consent Form as outlined below in subsection B. This will also indicate your consent to join the federal law FLSA portion of the Action. You will be bound by the Settlement as to both your state and federal claims.
- If you do not return the Claim Form / FLSA Consent Form or request exclusion, you will be bound by the Settlement as to your state claims but not as to your federal claims, and you will not receive a Settlement Award.

- If you wish to be excluded from the Settlement, you must follow the procedures outlined below in Section VIII. You will not be bound by the Settlement as to either your state or federal claims.

B. As a Class Member, if you wish to receive a recovery and consent to join the FLSA action, you must complete, sign and return in a proper and timely fashion the Claim Form / FLSA Consent Form to Desmond, Marcello & Amster (“Claims Administrator”), located at 6060 Center Drive, Suite 825, Los Angeles, CA 90045 via first class U.S. mail or equivalent, postage paid, postmarked on or before July 5, 2007. Any Claim Form / FLSA Consent Form that is not submitted by first class mail or equivalent, is postmarked after the applicable date, is not completely and legibly filled out, is not addressed to the proper address, or is not signed by the Class Member, will not constitute a valid claim and will be denied unless otherwise ordered by the Court.

C. The Claims Administrator shall review each Claim Form / FLSA Consent Form received and shall verify each form to reasonably ensure its validity and accuracy as may be reasonably necessary.

D. Each Class Member who submits a valid Claim Form / FLSA Consent Form shall be paid by check. The checks shall remain valid and negotiable for one hundred eighty (180) days from issuance and may thereafter automatically be canceled if not cashed.

VI. CLASS COUNSEL’S FEES AWARD, INCENTIVE AWARD, AND CLAIMS ADMINISTRATION EXPENSES

A. As part of the preliminary approval of the Settlement, the Court has awarded Callahan, McCune & Willis, APLC (“Class Counsel”) attorneys’ fees and costs in a total amount of \$350,000 (the “Fees Award”). Class Counsel shall not be permitted to petition the Court for any additional payments for fees, costs or interest and the award shall be for all claims for attorneys’ fees and costs past, present and future incurred in the Action. The Fees Award shall be paid out of and deducted from the Settlement Fund but shall not be deducted from the Payout Fund. As part of the Settlement, you will not be required to pay Class Counsel for their representation of you in the Action.

B. Also as part of the preliminary approval of the Settlement, the Court has awarded an Incentive Award to Named Plaintiff in the amount of \$5,000. This Incentive Award shall be paid out of and deducted from the Settlement Fund but shall not be deducted from the Payout Fund. For administrative purposes, the Incentive Award shall be paid in the form of a check from Solstice or the Claims Administrator.

C. Solstice will be responsible for making payments to the Claims Administrator in connection with the administration of this Settlement.

VII. BINDING EFFECT/RELEASE OF CLAIMS

A. Release of Claims Affecting All Class Members.

All Class Members, *i.e.*, all Plaintiffs who have not validly requested exclusion, will be bound by the terms of the proposed Settlement with regard to their state law claims if it is approved and if the Final Judgment of the Court dismissing the Action is entered and becomes final. If the proposed Settlement is approved, all Class Members will have released the “Released Parties” from the “Released Claims” as defined below and will be permanently barred from suing or otherwise making a claim against any of the Released Parties that is in any way related to the Released Claims. This is more completely set forth as follows:

1. As of the Effective Date (as defined in the Settlement Agreement), the Class Members, including Named Plaintiff, and his successors, assigns, and/or agents, release Solstice and each of its past or present officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers and reinsurers, and its and their respective successors and predecessors in interest, subsidiaries, affiliates, parent companies and attorneys and each of their company-sponsored employee benefit plans and all of their respective officers, directors, employees, administrators, fiduciaries, trustees, agents, and any individual or entity which could be jointly liable with Solstice (collectively, the “Released Parties”), from the “Released Claims.” For purposes of this Settlement, the “Released Claims” are defined as:

all claims, demands, rights, liabilities, and causes of action of every nature and description whatsoever, known or unknown, asserted or that might have been asserted, whether in tort, contract, or for violation of any state or federal constitution, statute, rule or regulation, including state wage and hour laws, whether for economic damages, non-economic damages, restitution, penalties or liquidated damages, arising out of, related to, or in connection with:

- (1) any and all facts, transactions, events, policies, occurrences, acts, disclosures, statements, omissions or failures to act, which are or could be the basis of claims (a) that the Released Parties failed to compensate the Class Members for all hours worked, including any claim for overtime

hours or off-the-clock work, in accordance with California law; (b) that the Released Parties failed to provide the Class Members with unpaid meal periods and paid rest breaks in accordance with California law; and/or (c) that the Released Parties owe wages, commissions, penalties, interest, attorneys' fees or other damages of any kind based on a failure to comply with these state wage and hour laws, at any time on or before the last day of the Class Period (whether based on California state wage and hour law, contract, or otherwise); and/or

- (2) the causes of action asserted in the Class Action, including but not limited to any and all claims for alleged failure to compensate the Class Members for all hours worked, including overtime hours, in accordance with California law, and, as related to the foregoing, for alleged unlawful, unfair and/or fraudulent business practices under California Business and Professions Code § 17200, *et seq.*

2. The Released Claims include any unknown claims that the Class Members do not know or suspect to exist in their favor at the time of the release, which, if known by them, might have affected their settlement with, and release of, the Released Parties or might have affected their decision not to object to this Settlement. With respect to the Released Claims, the Class Members stipulate and agree that, upon the Effective Date, the Class Members shall be deemed to have, and by operation of the Final Judgment shall have, expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, or any other similar provision under federal or state law, which Section provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Class Members may hereafter discover 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, but upon the Effective Date, shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever settled and released any and all of the Released Claims, whether known or unknown, suspected or unsuspected, contingent or non-contingent, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, whether in tort, contract, or for violation of any state or federal statute, rule or regulation arising out of, relating to, or in connection with any act or omission by or on the part of any of the Released Parties committed or omitted prior to the execution hereof, without regard to the subsequent discovery or existence of such different or additional facts.

3. The Class Members agree not to sue or otherwise make a claim against any of the Released Parties that is in any way related to the Released Claims.

B. Release Of Claims Affecting Only Class Members Who Return A Claim Form / FLSA Consent Form.

All Settlement Class Members, *i.e.*, all Plaintiffs who have submitted a valid Claim Form / FLSA Consent Form, will be bound by the terms of the proposed Settlement with regard to their federal law claims in addition to their state law claims if the Settlement is approved and if the Final Judgment of the Court dismissing the Action is entered and becomes final. If the proposed Settlement is approved, all Settlement Class Members will have released the "Released Parties" from the "Released Federal Claims" as defined below and will be permanently barred from suing or otherwise making a claim against any of the Released Parties that is in any way related to the Released Federal Claims. This is more completely set forth as follows:

1. As of the Effective Date (as defined in the Settlement Agreement), all Settlement Class Members, including Named Plaintiff, in addition to releasing the Released Parties from the Released Claims as outlined above, release the Released Parties from the "Released Federal Claims." For purposes of this Agreement, the "Released Federal Claims" are defined as:

all claims, demands, rights, liabilities, and causes of action of every nature and description whatsoever, known or unknown, asserted or that might have been asserted, whether in tort, contract, or for violation of any state or federal constitution, statute, rule or regulation, including federal wage and hour laws, whether for economic damages, non-economic damages, restitution, penalties or liquidated damages, arising out of, related to, or in connection with:

- (1) any and all facts, transactions, events, policies, occurrences, acts, disclosures, statements, omissions or failures to act, which are or could be the basis of claims (a) that the Released Parties failed to compensate the Class Members for all hours worked, including any claim for overtime hours or off-the-clock work, in accordance with federal law; and/or (b) that the Released Parties

owe wages, commissions, penalties, interest, attorneys' fees or other damages of any kind based on a failure to comply with these federal wage and hour laws, at any time on or before the last day of the Class Period (whether based on federal wage and hour law, contract, or otherwise); and/or

- (2) the causes of action asserted in the Class Action, including but not limited to any and all claims for alleged failure to compensate the Class Members for all hours worked, including overtime hours, in accordance with federal law, including claims arising from the Fair Labor Standards Act.

2. The Released Federal Claims include any unknown claims that the Settlement Class Members do not know or suspect to exist in their favor at the time of the release, which, if known by them, might have affected their settlement with, and release of, the Released Parties or might have affected their decision not to object to this Settlement. With respect to the Released Federal Claims, the Settlement Class Members stipulate and agree that, upon the Effective Date, the Settlement Class Members shall be deemed to have, and by operation of the Final Judgment shall have, expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, or any other similar provision under federal or state law, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Settlement Class Members may hereafter discover 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 Federal Claims, but upon the Effective Date, shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever settled and released any and all of the Released Federal Claims, whether known or unknown, suspected or unsuspected, contingent or non-contingent, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, whether in tort, contract, or for violation of any state or federal statute, rule or regulation arising out of, relating to, or in connection with any act or omission by or on the part of any of the Released Parties committed or omitted prior to the execution hereof, without regard to the subsequent discovery or existence of such different or additional facts.

3. The Settlement Class Members agree not to sue or otherwise make a claim against any of the Released Parties that is in any way related to the Released Federal Claims.

VIII. PROCEDURE FOR EXCLUSION

Plaintiffs may exclude themselves from the Settlement as to their state law claims by mailing to Desmond, Marcello & Amster, 6060 Center Drive, Suite 825, Los Angeles, CA 90045, on or before June 25, 2007, a written statement expressing their desire to be excluded from the Settlement as to their state law claims in the Strich v. Solstice Capital Group, Inc. litigation. If you wish to request exclusion from the Settlement as to your state law claims in this class action lawsuit, your written statement must include your name (and former names, if any), current address, telephone number, social security number, and the dates of your employment with Solstice. In addition, it must be postmarked on or before June 25, 2007. Requests for exclusion that do not include all required information, or that are not submitted on a timely basis, will be deemed null, void and ineffective. Persons who are eligible to and do submit valid and timely requests for exclusion from the Settlement as to their state law claims will not receive Settlement Awards, nor will they be bound by the terms of the proposed Settlement as to their state law claims, if it is approved, or the Final Judgment in this Action.

IX. SETTLEMENT HEARING/OBJECTIONS TO THE PROPOSED SETTLEMENT

A hearing (the "Settlement Hearing") will be held before the Honorable Stephen G. Larson on August 13, 2007 at 10:00 a.m. at the United States District Court for the Central District of California, Eastern Division, Court Room # 1, located at 3470 Twelfth Street, Riverside, CA 92501 (the "Court"), to determine whether the proposed Settlement of the Action is fair, adequate and reasonable and should be approved by the Court and whether the Action should be dismissed on the merits with prejudice. The hearing may be adjourned by the Court from time to time as the Court may without further notice direct.

Any Class Member may appear in person or through counsel at the Settlement Hearing and be heard as to why the proposed Settlement of the Action should not be approved as fair, adequate and reasonable, or why a Final Judgment dismissing the Action against Solstice with prejudice should or should not be entered. No Class Member, however, shall be heard or entitled to object and no papers or briefs submitted by any such person shall be received or considered by the Court unless written notice of intention to appear at the Settlement Hearing, together with copies of all papers and briefs proposed to be submitted to the Court at the Settlement

Hearing, shall have been filed with the Court and have been served personally on or before June 25, 2007, or if by mail then postmarked no later than June 25, 2007, upon all of the following:

Robert W. Thompson
Charles S. Russell
Callahan McCune & Willis, APLC
111 Fashion Lane
Tustin, CA 92780

Greg S. Labate
Scott B. Lieberman
Sheppard Mullin Richter & Hampton LLP
650 Town Center Drive, 4th Floor
Costa Mesa, CA 92626

Any Class Member who does not make and serve his or her written objections in the manner provided above shall be deemed to have waived such objections and shall be foreclosed from making any objections (by appeal or otherwise) to the proposed Settlement.

Any Class Member who is satisfied with the proposed Settlement need not appear at the Settlement Hearing.

X. EXAMINATION OF PAPERS AND INQUIRIES

The foregoing is only a summary of the Action and the proposed Settlement and does not purport to be comprehensive. For a more detailed statement of the matters involved in the Action and the proposed Settlement, you may refer to the pleadings, the Stipulation and Settlement Agreement of Class Action Claims, and other papers filed in the Action, which may be inspected at the Office of the Clerk of the United States District Court for the Central District of California, Eastern Division, 3470 Twelfth Street, Riverside, CA 92501, during regular business hours of each Court day.

All inquiries by Plaintiffs regarding this Notice and/or the Settlement should be directed to Class Counsel:

Robert W. Thompson
Charles S. Russell
Callahan, McCune & Willis, APLC
111 Fashion Lane
Tustin, CA 92780

**PLEASE DO NOT CONTACT THE CLERK OF THE COURT, THE JUDGE,
SOLSTICE, OR SOLSTICE'S ATTORNEYS WITH INQUIRIES.**

**BY ORDER OF THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA**