

STATUS REPORT

EQUITY FUNDING CORPORATION

1972 Purchased 15,000 shares	\$585,853
March 1973 sold 15,000 shares	<u>260,183</u>
Loss on sale	<u>\$325,670</u>
April 1973 Transaction cancelled	
February 1977 Received 4,808 shares of Orion Capital Corporation. This security was carried on our books at the original Equity Funding Corporation cost of \$585,853 plus legal costs paid to Debevoise, Plimpton, Lyons & Gates of \$12,296.	
Book Cost	\$598,149
December 1977 paid to Debevoise, Plimpton, Lyons and Gates	7,744
February 1981 paid to Debevoise, Plimpton, Lyons and Gates	<u>583</u>
Total Cost	<u>\$606,476</u>
RECEIVED TO DATE:	
October 1977 - Settlement of claims - Salomon Brothers and Lawton Litigations	\$88,462
February 1978 Sold 4808 shares of Orion Capital Corporation	33,656
October 1980 Partial payment equal to 80% of final settlement	93,462
February 1981 Possible final payment	<u>24,331</u>
LOSS TO DATE	<u>\$366,565</u>

Distributed to the Finance and Budget Committees, 24 April 1981

THE INSTITUTE FOR ADVANCED STUDY

4 December 1980

To the members of the Budget and Finance Committees:

The question of the Equity Funding Corporation was discussed at the October meeting of the Budget and Finance Committees. Mr. Hansmann, chairman of the Finance Committee, asked that a summary of the Institute's transactions with that firm be prepared for the members of the two committees; that report is attached.

Sincerely,

Judith G. Grisham
Secretary to Mr. Hunt

To Mrs. Delmas; Messrs. Brown, Dilworth,
Hansmann, Houghton, Kauffmann, Opel,
Petersen, Taplin

STATUS REPORT
ON
EQUITY FUNDING CORPORATION
INVESTMENT

1972 Purchased 15,000 shares	\$585,853
March 1973 sold 15,000 shares	<u>260,183</u>
Loss on sale	<u>\$325,670</u>
April 1973 Transaction cancelled.	
February 1977 Received 4,808 shares of Orion Capital Corporation. This security was carried on our books at the original Equity Funding Corporation cost of \$585,853 plus legal costs paid to Debevoise, Plimpton, Lyons & Gates of \$12,296.	
Book Cost	\$598,149
December 1977 paid to Debevoise, Plimpton, Lyons & Gates	<u>7,744</u>
Total Cost	<u>\$605,893</u>
RECEIVED TO DATE:	
October 1977 - Settlement of claims - Salomon Brothers and Lawton Litigations	\$ 88,462
February 1978 Sold 4808 shares of Orion Capital Corporation	33,656
October 1980 Partial payment equal to 80% of final settlement	<u>93,462</u>
	<u>\$215,580</u>
LOSS TO DATE	<u>\$390,313</u>

We can expect to receive another \$23,000 and a bill for legal services for an undetermined amount.

STATUS REPORT
ON
EQUITY FUNDING CORPORATION
INVESTMENT

1972 Purchased 15,000 shares	\$585,853
March 1973 sold 15,000 shares	<u>260,183</u>
Loss on sale	<u>\$325,670</u>

April 1973 Transaction cancelled.

February 1977 Received 4,808 shares of Orion Capital Corporation. This security was carried on our books at the original Equity Funding Corporation cost of \$585,853 plus legal costs paid to Debevoise, Plimpton, Lyons & Gates of \$12,296.

Book Cost	\$598,149
-----------	-----------

December 1977 paid to Debevoise, Plimpton, Lyons & Gates	<u>7,744</u>
--	--------------

Total Cost	<u>\$605,893</u>
------------	------------------

RECEIVED TO DATE:

October 1977 - Settlement of claims - Salomon Brothers and Lawton Litigations	\$ 88,462
---	-----------

February 1978 Sold 4808 shares of Orion Capital Corporation	33,656
---	--------

October 1980 Partial payment equal to 80% of final settlement	<u>93,462</u>
---	---------------

\$215,580

LOSS TO DATE	<u>\$390,313</u>
--------------	------------------

We can expect to receive another \$23,000 and a bill for legal services for an undetermined amount.

Memorandum from
RALPH E. HANSMANN

6/26/78

To: Dr. Harry Woolf

For your information.

R. E. H.

ELI WHITNEY DEBEVOISE
FRANCIS T. P. PLIMPTON
SAMUEL E. GATES
OSCAR M. RUEBHAUSEN
WILLIAM EVERDELL
D. BRET CARLSON
GEORGE N. LINDSAY
JAMES B. WELLES, JR.
ROSWELL B. PERKINS
ROBERT B. VON MEHREN
HAROLD H. HEALY, JR.
JOSEPH BARBASH
CHESTER BILLINGS, JR.
MICHAEL H. GOFF
WILLIAM B. MATTESON
BARRY R. BRYAN
RICHARD D. KAHN
WILLIAM PHILO CLARK
J. ASA ROUNTREE
GEORGE B. ADAMS, JR.
ROBERT J. GENIESSE
ANDREW C. HARTZELL, JR.
PHILIP S. WINTERER
STEPHEN BENJAMIN
LOUIS BEGLEY
GUY PASCHAL
DAVID V. SMALLEY
CECIL WRAY, JR.
JOHN F. JOHNSTON 2ND
ROBERT L. KING
BEVIS LONGSTRETH
JOHN D. NILES
MEREDITH M. BROWN
BRUCE D. HAIMS
STANDISH FORDE MEDINA, JR.
EDWARD A. PERELL
THEODORE A. KURZ
HUGH ROWLAND, JR.
ROBERT J. GIBBONS
MICHAEL E. PATTERSON
BARBARA PAUL ROBINSON
JONATHAN A. SMALL
VINCENT M. SMITH
PAUL H. WILSON, JR.
WOLCOTT B. DUNHAM, JR.
JEFFREY S. WOOD

Copies to [unclear] MM DC

DEBEVOISE, PLIMPTON, LYONS & GATES

299 PARK AVENUE NEW YORK, N.Y. 10017

TELEPHONE: (212) 752-6400

CABLE: DEBSTEVE NEW YORK

INTERNATIONAL TELEX: 224400 DOMESTIC TELEX: 12-6607

THOMAS T. RICHMOND
CHARLES I. PIERCE, JR.
COUNSEL

EUROPEAN OFFICE
5, PLACE DU PALAIS BOURBON
75007 PARIS

TELEPHONE: 555-06-66
CABLE: DEBSTEVE PARIS
TELEX: 250602

June 22, 1978

Memorandum to Clients in
Equity Funding Corporation of
America Securities Litigation

As you may be aware, a proposed settlement in the Equity Funding litigations with defendant Peat, Marwick, Mitchell & Co. ("Peat, Marwick") has been reached. The proposed settlement requires the payment of \$1,500,000 in cash (the "Peat, Marwick Settlement Fund") which will be deposited in an interest bearing account pending distribution. As purchasers of Equity Funding Corporation of America ("EFCA") securities you are entitled to share in the Peat, Marwick Settlement Fund.

The Peat, Marwick Settlement Fund is to be distributed in accordance with the terms of the Plan of Allocation, and it may be reduced by allowances for counsel fees and costs and expenses incurred in the prosecution of the litigation against Peat, Marwick. Essentially, the Plan of Allocation provides that all class members will share alike in the proceeds of all settlements approved by the Court based on their "net adjusted losses," as calculated in accordance with the provisions of the Plan of Allocation.

A Proof of Claim and Release have been submitted on your behalf in connection with certain other settlements which provide for distribution of approximately \$60 million. It is not necessary to take any further action to participate in the distribution of the proceeds of the Peat, Marwick Settlement Fund. We believe that all Proof of Claims are acceptable, and we have been advised that if there are

any questions concerning the sufficiency or validity of a Proof of Claim and Release you may be contacted independently by representatives of plaintiffs' counsel.

Earlier, we estimated that you would receive payment from the various settlement funds sometime during the Spring of 1978. Unfortunately, this estimate has proven to be too optimistic. On November 3, 1977 the Court entered its Judgments, Orders and Decrees approving all of the settlements which provided for the payment of the gross amount of \$60,000,000. (From this amount \$6,752,000 was deducted, representing the Court's awards for counsel fees, costs and expenses.) The Court entered its Order approving the Plan of Allocation of Settlement Proceeds, and determined that for the purpose of ascertaining the amount of the claims the "net adjusted loss" is to be reduced by the value of the shares of the common stock of Orion Capital Corporation you received pursuant to the EFCA Reorganization Proceedings.

Chemical Bank, as Indenture Trustee, and certain other persons have filed a Notice of Appeal to the United States Court of Appeals for the Ninth Circuit from the Order approving the Plan of Allocation. This appeal challenges only that aspect of the Plan of Allocation which relates to the reduction of claims by reason of the distribution of Orion Capital Corporation common stock pursuant to the Reorganization Proceedings.

Counsel for the plaintiffs are of the view that this appeal is without merit, and are opposing it. However, during the pendency of the Appeal and any further proceedings it is not possible to distribute any of the settlement proceeds. In the meantime interest is accruing on the settlement funds, in which you will share. Plaintiffs' counsel estimates the distribution will be made "not later than 24 months" after May 26, 1978. We believe that this is a cautious estimate and that every effort will be made to distribute the proceeds at an earlier date.

Plaintiffs' counsel expect that settlements will be consummated shortly with Stanley Goldblum and certain other individual defendants, all of whom were former officers of EFCA or its subsidiaries. When these are concluded there will be no further claims outstanding.

We will keep you advised of any developments

affecting your entitlement to and the distribution of
the various settlement funds.

Very truly yours,

Samuel E. Gates
Richard I. Janvey
Stephen C. Muther

Memorandum from
RALPH E. HANSMANN

10/25/77

To:

Harry Woolf
Lynd Morgan

re: Equity Funding

The attached for
your information and
files.

Best of regards,



ELI WHITNEY DEBEVOISE
FRANCIS T. P. PLIMPTON
SAMUEL E. GATES
OSCAR M. RUEBHAUSEN
THOMAS T. RICHMOND
WILLIAM EVERDELL
CHARLES I. PIERCE, JR.
D. BRET CARLSON
GEORGE N. LINDSAY
JAMES B. WELLES, JR.
ROSWELL B. PERKINS
ROBERT B. VON MEHREN
HAROLD H. HEALY, JR.
JOSEPH BARBASH
CHESTER BILLINGS, JR.
MICHAEL H. GOFF
WILLIAM B. MATTESON
BARRY R. BRYAN
RICHARD D. KAHN
WILLIAM PHILO CLARK
J. ASA ROUNTREE
GEORGE B. ADAMS, JR.
ROBERT J. GENIESSE
ANDREW C. HARTZELL, JR.
PHILIP S. WINTERER
STEPHEN BENJAMIN
LOUIS BEGLEY
GUY PASCHAL
DAVID V. SMALLEY
CECIL WRAY, JR.
JOHN F. JOHNSTON 2ND
ROBERT L. KING
BEVIS LONGSTRETH
JOHN D. NILES
MEREDITH M. BROWN
BRUCE D. HAIMS
STANDISH FORDE MEDINA, JR.
EDWARD A. PERELL
THEODORE A. KURZ
HUGH ROWLAND, JR.
ROBERT J. GIBBONS
MICHAEL E. PATTERSON
BARBARA PAUL ROBINSON
JONATHAN A. SMALL
VINCENT M. SMITH
PAUL H. WILSON, JR.
WOLCOTT B. DUNHAM, JR.

DEBEVOISE, PLIMPTON, LYONS & GATES

299 PARK AVENUE NEW YORK, N.Y. 10017

TELEPHONE: (212) 752-6400

CABLE: DEBSTEVE NEW YORK

INTERNATIONAL TELEX: 224400 DOMESTIC TELEX: 12-6607

EUROPEAN OFFICE
5, PLACE DU PALAIS BOURBON
75007 PARIS

TELEPHONE: 555-06-66

CABLE: DEBSTEVE PARIS

TELEX: 250602

October 13, 1977

Memorandum to Client-Defendants:

Judge Lucas, in a Memorandum Opinion and Order, dated September 29, 1977, awarded attorneys' fees and costs in In re Equity Funding Corporation of America Securities Litigation, MDL Docket No. 142. (Many of you have probably seen articles concerning this matter in recent editions of the Wall Street Journal, the New York Times or other newspapers and magazines.) Pursuant to Rule 23 of the Federal Rules of Civil Procedure, the Court in its discretion can award appropriate fees and costs of counsel who represented the various classes.

In order to fulfill his obligations under Rule 23, Judge Lucas required that plaintiffs' attorneys file thorough and exhaustive affidavits in support of their fee applications. Evidentiary hearings were held on May 10 and 11, 1977, with respect to the fee applications. Thirty-two separate applications were filed seeking an aggregate of \$13,589,045 for services rendered. In our opinion several of the individual applications and the aggregate amount sought were excessive and, if granted, would have reduced considerably the amount to be received by class members--the victims of the "Equity Funding fraud". Accordingly, because you are members of the class by virtue of your purchases of Equity Funding Corporation

Memorandum to
Client-Defendants

-2-

October 13, 1977

of America securities, we joined in the objections to the fee applications which were filed by certain counsel and some parties.

After considering the arguments of the various objectors, the Court awarded plaintiffs' counsel an aggregate of \$6,589,635 in attorneys' fees and \$161,868 in expenses--this represents an award of only 48 percent of the aggregate amount of fees sought. Considering that plaintiffs' attorneys obtained, by settlement, a \$60 million benefit to the class, which plaintiffs' counsel represented--and Judge Lucas accepted--as being the largest monetary settlement in the history of securities class action litigation, and that the aggregate amount of attorneys' fees awarded is only about 11 percent of the total benefit conferred, the Court award is, in our view, justifiable.

Based upon our analysis of Judge Lucas' 104-page Memorandum and Opinion, we do not believe that it would be fruitful to appeal the Court's Order with respect to attorneys' fees. While we do not agree with all of the Court's reasoning, we cannot recommend an appeal. An appeal would be costly and, in all probability, not successful because the Court's findings of fact and conclusions of law are adequately supported.

If you have any questions concerning this matter, please do not hesitate to telephone Messrs. Janvey or Muther or me.

Sincerely,



Memorandum from
RALPH E. HANSMANN

5/16/77

To: Harry Woolf

For your information.

R. E. H.

JD

ELI WHITNEY DEBEVOISE
FRANCIS T. P. PLIMPTON
SAMUEL E. GATES
OSCAR M. RUEBHAUSEN
THOMAS T. RICHMOND
WILLIAM EVERDELL
CHARLES I. PIERCE, JR.
D. BRET CARLSON
GEORGE N. LINDSAY
JAMES B. WELLES, JR.
ROSWELL B. PERKINS
ROBERT B. VON MEHREN
HAROLD H. HEALY, JR.
JOSEPH BARBASH
CHESTER BILLINGS, JR.
MICHAEL H. GOFF
WILLIAM B. MATTESON
BARRY R. BRYAN
RICHARD D. KAHN
WILLIAM PHILO CLARK
J. ASA ROUNTREE
GEORGE B. ADAMS, JR.
ROBERT J. GENIESSE
ANDREW C. HARTZELL, JR.
PHILIP S. WINTERER
STEPHEN BENJAMIN
LOUIS BEGLEY
GUY PASCHAL
DAVID V. SMALLEY
CECIL WRAY, JR.
JOHN F. JOHNSTON 2ND
ROBERT L. KING
BEVIS LONGSTRETH
STEPHEN J. FRIEDMAN
JOHN D. NILES
MEREDITH M. BROWN
BRUCE D. HAIMS
ROBERT L. LAFRENIERE
STANDISH FORDE MEDINA, JR.
EDWARD A. PERELL
THEODORE A. KURZ
HUGH ROWLAND, JR.
MICHAEL E. PATTERSON
BARBARA PAUL ROBINSON
JONATHAN A. SMALL
VINCENT M. SMITH
PAUL H. WILSON, JR.
WOLCOTT B. DUNHAM, JR.

DEBEVOISE, PLIMPTON, LYONS & GATES

299 PARK AVENUE NEW YORK, N.Y. 10017

TELEPHONE: (212) 752-6400

CABLE: DEBSTEVE NEW YORK

INTERNATIONAL TELEX: 224400 DOMESTIC TELEX: 12-6607

EUROPEAN OFFICE
5, PLACE DU PALAIS BOURBON
75007 PARIS

TELEPHONE: 555-06-66
CABLE: DEBSTEVE PARIS
TELEX: 250602

May 12, 1977


Memorandum to Client-Defendants in the Equity Funding Corporation of America Securities Litigation

On Monday, May 9, 1977, Judge Malcolm M. Lucas
approved the Subclass Five Class Action Settlement and
all other class action settlements.

Richard I. Janvey

Memorandum from
RALPH E. HANSMANN

5/10/77



To: Harry Woolf

Re: Equity Funding

I have executed Releases on behalf of the Institute, copies of which are attached for your information and the Institute's files.

Best and regards.



R. E. H.

May 10, 1977

Mr. Richard I. Janvey
Debevoise, Plimpton, Lyons & Gates
299 Park Avenue
New York, New York 10017

Dear Dick,

Re: Equity Funding Corporation of America
Securities Litigation - Release

Enclosed herewith are the signed and notarized
Releases which I have executed on behalf of the
Institute for Advanced Study.

Sincerely yours,

Ralph E. Hansmann

REH:BMG

ELI WHITNEY DEBEVOISE
FRANCIS T. P. PLIMPTON
SAMUEL E. GATES
OSCAR M. RUEBHAUSEN
THOMAS T. RICHMOND
WILLIAM EVERDELL
CHARLES I. PIERCE, JR.
D. BRET CARLSON
GEORGE N. LINDSAY
JAMES B. WELLES, JR.
ROSWELL B. PERKINS
ROBERT B. VON MEHREN
HAROLD H. HEALY, JR.
JOSEPH BARBASH
CHESTER BILLINGS, JR.
MICHAEL H. GOFF
WILLIAM B. MATTESON
BARRY R. BRYAN
RICHARD D. KAHN
WILLIAM PHILO CLARK
J. ASA ROUNTREE
GEORGE B. ADAMS, JR.
ROBERT J. GENIESSE
ANDREW C. HARTZELL, JR.
PHILIP S. WINTERER
STEPHEN BENJAMIN
LOUIS BEGLEY
GUY PASCHAL
DAVID V. SMALLEY
CECIL WRAY, JR.
JOHN F. JOHNSTON 2ND
ROBERT L. KING
BEVIS LONGSTRETH
STEPHEN J. FRIEDMAN
JOHN D. NILES
MEREDITH M. BROWN
BRUCE D. HAIMS
ROBERT L. LAFRENIERE
STANDISH FORDE MEDINA, JR.
EDWARD A. PERELL
THEODORE A. KURZ
HUGH ROWLAND, JR.
MICHAEL E. PATTERSON
BARBARA PAUL ROBINSON
JONATHAN A. SMALL
VINCENT M. SMITH
PAUL H. WILSON, JR.
WOLCOTT B. DUNHAM, JR.

DEBEVOISE, PLIMPTON, LYONS & GATES

299 PARK AVENUE NEW YORK, N.Y. 10017

TELEPHONE: (212) 752-6400

CABLE: DEBSTEVE NEW YORK

INTERNATIONAL TELEX: 224400 DOMESTIC TELEX: 12-6607

EUROPEAN OFFICE
5, PLACE DU PALAIS BOURBON
75007 PARIS

TELEPHONE: 555-06-66
CABLE: DEBSTEVE PARIS
TELEX: 250602

May 6, 1977

Memorandum to Client-Defendants in Equity Funding Corporation of America Securities Litigation

In re Equity Funding Corporation of America Securities Litigation--Release

Enclosed herewith please find:

1. Release of Settling Accountant Defendants by Subclass Five Settling Defendants (the "Accountants Release"); and
2. Release by Subclass Five Settling Defendants of Defendants in the MDL Docket No. 142 (Except Settling Accountant Defendants and Subclass Five Settling Defendants) (the "Defendants Release").

The releases are to be executed by an appropriate individual and returned to reach us no later than June 1, 1977. We have typed on page 1, line 17 and page 3, line 28 of the Accountants Release and on page 1, line 17 and page 3, line 16 of the Defendants Release the name in which the Equity Funding Litigations have been proceeding against you. With respect to a bank which serves as trustee and is named as a defendant, the enclosed releases must be executed by the bank in its capacity as a trustee. Also, please note that on page 4

of the releases an acknowledgement form must be executed by a notary public. An extra copy in blank of the releases is enclosed for your files.

The Accountants and Defendants Releases are being executed pursuant to the requirements of the Stipulation of Settlement of Subclass Five Class Action Claims and the Alfred University, et al. v. Wolfson, Weiner Agreement. The Defendants Release does not effect the release of any of the Subclass Five settling defendants, i.e., your co-defendants in the Subclass Five Class Action litigation and the releases are not operative with respect to the Lawton/Salomon actions.

Each Release contains a recital that you have not signed or transferred any claim being released (page 3, lines 1 through 14 of the Accountants Release; page 2, lines 25 through 35 of the Defendants Release). This paragraph is of no significance with respect to you because to our knowledge there has been no assignment of your claims and, therefore, the indemnity required by the Release is inapplicable.

The Releases must be executed in order for you to participate in the MDL Settlement Fund. Without executing the Releases you will be barred from obtaining any recovery on your claims against the accountants and other defendants connected with the fraud perpetrated by the management of Equity Funding Corporation of America.

If you have any questions concerning the execution of the enclosed releases, please telephone Stephen C. Muther.

Richard I. Janvey

Enclosures

Registered Mail

1 UNITED STATES DISTRICT COURT
2
3 CENTRAL DISTRICT OF CALIFORNIA
4
5
6

7 IN RE EQUITY FUNDING
8 CORPORATION OF AMERICA } M.D.L. DOCKET NO. 142-MML
9 SECURITIES LITIGATION } (ALL CASES)
10
11

12 RELEASE BY SUBCLASS FIVE SETTling DEFENDANTS
13 OF DEFENDANTS IN MDL DOCKET NO. 142 (EXCEPT
14 SETTling ACCOUNTANT DEFENDANTS AND SUBCLASS
15 FIVE SETTling DEFENDANTS)
16

17 For valuable consideration Institute for Advanced Study
18
19

20 ("Releasor") hereby releases and discharges all defendants in any action
21 within MDL Docket No. 142 who has entered or does enter into an agree-
22 ment of settlement with the plaintiffs (except any of the Settling
23 Accountant Defendants and any of the Subclass Five Settling Defend-
24 ants as defined in the Stipulation and Agreement Relating to the
25 Release and Dismissal of Certain Claims and Actions by the Subclass
26 Five Settling Defendants) and the present and former partners,
27 directors, officers, shareholders, trustees, employees and agents of such
28 defendants, and the present and former insurers of such defendants, of
29 and from any and all claims, known or unknown, suspected or unsus-
30 pected, which now exist, may hereafter exist, or heretofore have existed
31 in favor of Releasor and against any of said released defendants arising
32 out of or with respect to any financial statements of Equity Funding
33 Corporation of America ("EFCA") or its subsidiaries; any prospectuses,
34 registration statements, proxy statements, or offering circulars, or any
35 amendments thereto, issued by EFCA or any of its subsidiaries; any
36 transactions or occurrences involving EFCA or its subsidiaries (or any
37 officers or employees of EFCA or its subsidiaries); or any securities or
38 evidences of indebtedness issued by EFCA or its subsidiaries, and,
39 solely with respect to such claims, hereby expressly waives and relin-
40 quishes, to the fullest extent permitted by law, the provisions, rights,

1 and benefits of Section 1542 of the California Civil Code, which statute
2 provides:

3

4 "A general release does not extend to claims which the creditor
5 does not know or suspect to exist in his favor at the time of exe-
6 cuting the release, which if known by him must have materially
7 affected his settlement with the debtor."

8

9

10 and any and all provisions, rights, and benefits of any similar law of
11 any other jurisdiction. Releasor acknowledges that he, she, or it is
12 aware that he, she, or it may hereafter discover facts in addition to
13 or different from those which he, she, or it now knows or believes to
14 be true with respect to the subject matters of this Release, but that
15 it is his, her, or its intention to, and he, she, or it does hereby fully,
16 finally, and forever settle and release any and all claims, disputes, and
17 differences, known and unknown, suspected and unsuspected, which
18 now exist, may hereafter exist, or heretofore have existed with respect
19 to the subject matters of this Release. In furtherance of such intention,
20 Releasor acknowledges that the release set forth herein shall be and
21 remain in effect as a full and complete general release of the matters
22 released pursuant to this Release notwithstanding the discovery or
23 existence of any such additional or different facts.

24

25 Releasor hereby warrants and represents that he, she or it has
26 not assigned or transferred or purported to assign or transfer, volun-
27 tarily, involuntarily, or by operation of law, any matter released pur-
28 suant to this Release, or any part or portion thereof. Releasor hereby
29 agrees to indemnify and hold harmless each of the defendants released
30 pursuant to this Release from and against any claim, demand, damage,
31 debt, liability, account, reckoning, obligation, cost, expense, lien, action,
32 or cause of action (including the payment of attorneys' fees and costs
33 actually incurred, whether or not litigation be commenced) based upon,
34 in connection with, or arising out of any such assignment or transfer
35 or purported assignment or transfer.

36

37 The release set forth herein shall be of no force or effect with
38 respect to any particular defendant unless and until that defendant
39 executes a similar such release, warranty, representation and indemnity
40 in favor of Releasor and Releasor's present and former partners,

1 directors, officers, shareholders, trustees, employees and agents, and
2 Releasor's present and former insurers.

3

4 This Release shall be of no force or effect unless and until the Court
5 enters a final order in MDL Docket No. 142 approving the Stipulation
6 and Agreement Relating to the Release and Dismissal of Certain Claims
7 and Actions by the Subclass Five Settling Defendants.

8

9 The execution of this Release is expressly without prejudice to
10 the rights of the Subclass Five Settling Defendants to file proofs of
11 claim in MDL Docket No. 142, as members of the Certified Class or the
12 Settlement Classes, and to recover on said claims as members of such
13 classes; *provided*, however, that nothing in this Release shall be con-
14 strued to give Releasor a claim in MDL Docket No. 142 which such
15 Releasor does not otherwise possess.

16

Institute for Advanced Study

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

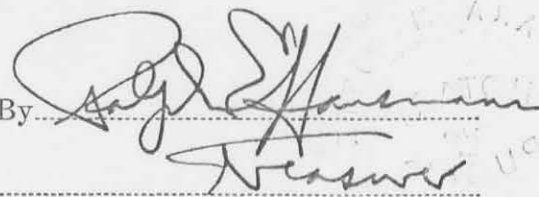
37

38

39

40

By



Title or Capacity

By

Title or Capacity

1
2 STATE OF *New York* }
3 } ss.:
4 COUNTY OF *New York* }
5
6 On *May 10, 1977*, before me, the undersigned, a
7 Notary Public in and for said State, personally appeared
8 *Ralph E. Hassmann*
9
10 known to me to be
11
12
13 the above Releasor, and acknowledged to me that
14
15

16
17
18 WITNESS my hand and official seal.

19 *Barbara M. Goetz*
20

21 BARBARA M. GOETZ
22 Notary Public, State of New York
23 No. 31-6551950
24 Qualified in New York County
25 Commission Expires March 30 1978
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40

1 UNITED STATES DISTRICT COURT
2
3 CENTRAL DISTRICT OF CALIFORNIA
4

5
6
7 IN RE EQUITY FUNDING
8 CORPORATION OF AMERICA } M.D.L. DOCKET NO. 142-MML
9 SECURITIES LITIGATION } (ALL CASES)
10

11
12
13 RELEASE OF SETTling ACCOUNTANT DEFENDANTS
14 BY SUBCLASS FIVE SETTling DEFENDANTS
15

16
17 For valuable consideration Institute for Advanced Study
18
19

20 ("Releasor") hereby releases and discharges each of the Settling Ac-
21 countant Defendants, and each of their present and former partners,
22 employees, and agents, and each of their present and former insurers
23 (only with respect to such claims against the Settling Accountant De-
24 fendants or any of their present or former partners, employees, or
25 agents, and only with respect to insurance policies issued by any of said
26 insurers to any of the Settling Accountant Defendants), of and from
27 any and all claims, whether direct or indirect (including, but not limited
28 to, all claims for contribution or indemnity), known or unknown, sus-
29 pected or unsuspected, which now exist, may hereafter exist, or
30 heretofore have existed in favor of Releasor and against any of said
31 released persons and entities arising out of or with respect to any
32 financial statements of Equity Funding Corporation of America
33 ("EFCA") or its subsidiaries; any prospectuses, registration state-
34 ments, proxy statements, or offering circulars, or any amendments
35 thereto, issued by EFCA or any of its subsidiaries; any transactions
36 or occurrences involving EFCA or its subsidiaries (or any officers or
37 employees of EFCA or its subsidiaries); or any securities or evidences
38 of indebtedness issued by EFCA or its subsidiaries, including any and
39 all claims based on any of the facts alleged in the plaintiffs' pleadings
40 in MDL Docket No. 142, and, solely with respect to such claims, hereby

1 expressly waives and relinquishes, to the fullest extent permitted by
2 law, the provisions, rights, and benefits of Section 1542 of the California
3 Civil Code, which statute provides:

4
5 "A general release does not extend to claims which the creditor
6 does not know or suspect to exist in his favor at the time of execut-
7 ing the release, which if known by him must have materially affected
8 his settlement with the debtor."
9

10 and any and all provisions, rights, and benefits of any similar law of
11 any other jurisdiction. Releasor acknowledges that he, she, or it is
12 aware that he, she, or it may hereafter discover facts in addition to or
13 different from those which he, she, or it now knows or believes to be
14 true with respect to the subject matters of this Release, but that it is
15 his, her, or its intention to, and he, she, or it does hereby fully, finally,
16 and forever settle and release any and all claims, disputes, and differ-
17 ences, known and unknown, suspected and unsuspected, which now
18 exist, may hereafter exist, or heretofore have existed with respect to
19 the subject matters of this Release. In furtherance of such intention,
20 Releasor acknowledges that the release herein given shall be and remain
21 in effect as a full and complete general release of the matters released
22 herein notwithstanding the discovery or existence of any such additional
23 or different facts.

24
25 For the purposes of this Release, the "Settling Accountant Defend-
26 ants" are Wolfson, Weiner & Co., Wolfson, Weiner, Ratoff & Lapin,
27 Phillip J. Wolfson, Julian S. H. Weiner, Solomon Block, Marvin A.
28 Lichtig, Bernard C. Duskin, Edward Clark, John E. Mitchell, Dean J.
29 Boosalis, Frank M. Zaverall, Jr., Leonard Bagen, R. Peter Fishman,
30 Robert Gorin, J. O. Rodgers, the Estate of Benjamin H. Lapin (by Ada
31 Lapin, Executrix), Arthur M. Hartzband, Melvin Bund, Saul Bruh,
32 George Mandel, Thomas F. Egan, Frank J. Flaum, Samuel B. Ratoff,
33 Haskins & Sells, Lorin H. Wilson (as representative of a class of all
34 individual partners of Haskins & Sells who were partners of that
35 accounting firm at any time during the period when Haskins & Sells
36 was retained by Equity Funding Life Insurance Company), Seidman
37 & Seidman, and Robert L. Spencer (as representative of a class of all
38 individual partners of Seidman & Seidman who were partners of that
39 accounting firm at any time during the period when Seidman & Seidman
40 was retained by EFCA or any of its subsidiaries).

1 Releasor hereby warrants and represents that he, she or it has not
2 assigned or transferred or purported to assign or transfer, voluntarily,
3 involuntarily, or by operation of law, any matter released pursuant
4 to this Release, or any part or portion thereof. Releasor hereby agrees
5 to indemnify and hold harmless each of the Settling Accountant
6 Defendants, and each of their present and former partners, employees,
7 and agents, and each of their present and former insurers (with respect
8 to insurance policies issued by said insurers to the Settling Accountant
9 Defendants or any of them), from and against any claim, demand,
10 damage, debt, liability, account, reckoning, obligation, cost, expense,
11 lien, action, or cause of action (including the payment of attorneys'
12 fees and costs actually incurred, whether or not litigation be com-
13 menced) based upon, in connection with, or arising out of any such
14 assignment or transfer or purported assignment or transfer.
15

16 This Release shall be of no force or effect unless and until the
17 Court enters a final order in MDL Docket No. 142 approving the Stipu-
18 lation and Agreement Relating to the Release and Dismissal of Certain
19 Claims and Actions by the Subclass Five Settling Defendants.
20

21 The execution of this Release is expressly without prejudice to the
22 rights of the Subclass Five Settling Defendants to file proofs of claim
23 in MDL Docket No. 142, as members of the Certified Class or the
24 Settlement Classes, and to recover on said claims as members of such
25 classes; *provided*, however, that nothing in this Release shall be con-
26 strued to give Releasor a claim in MDL Docket No. 142 which such
27 Releasor does not otherwise possess.

28 Institute for Advanced Study
29
30

31
32 By 

33
34 Treasurer
35 Title or Capacity
36

37 By

38
39
40 Title or Capacity

1 STATE OF *New York* }
2 }
3 COUNTY OF *New York* } ss.:
4 }

5 On *May 10, 1977*, before me, the undersigned, a
6 Notary Public in and for said State, personally appeared

7
8 *Ralph E. Hansmann*
9 known to me to be

10
11
12 the above Releasor, and acknowledged to me that
13
14

15
16
17 WITNESS my hand and official seal.

18 *Barbara M. Goetz*
19

20 BARBARA M. GOETZ
21 Notary Public, State of New York
22 No. 31-6551950
23 Qualified in New York County
24 Commission Expires March 30 1978
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40

INSTITUTE FOR ADVANCED STUDY
PRINCETON, NEW JERSEY 08540

RALPH E. HANSMANN
TREASURER

January 31, 1977

TREASURER'S OFFICE
40 WALL STREET
NEW YORK, NEW YORK 10005
WHITEHALL 4-6127

Re: Equity Funding

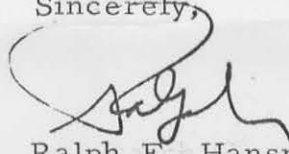
Dear Howard,

I just received the enclosed memorandum dated January 28th from Debevoise, Plimpton. We must respond within the next week as to whether or not we give them permission to assert claims against The Boston Co. and John W. Bristol & Co.

Mike Forrestal will be calling you about this with his views and after the two of you have talked, I would appreciate your guidance as to how to respond to Debevoise, Plimpton.

If any of the others to whom I am sending a copy of the Debevoise, Plimpton memorandum have a point of view with respect to this matter, I would suggest that they contact you directly.

Sincerely,



Ralph E. Hansmann

Mr. Howard C. Petersen
Chairman of the Board
The Fidelity Bank
135 South Broad Street
Philadelphia, Pennsylvania 19109

cc: J. Richardson Dilworth
Michael V. Forrestal
James R. Houghton
Harry Woolf

PLEASE DO NOT DISCUSS THIS MEMORANDUM OR DISTRIBUTE
COPIES OF IT TO ANY PERSON NOT CONNECTED WITH YOUR
INSTITUTION.

ELI WHITNEY DEBEVOISE
FRANCIS T. P. PLIMPTON
SAMUEL E. GATES
OSCAR M. RUEBHAUSEN
THOMAS T. RICHMOND
WILLIAM EVERDELL
CHARLES I. PIERCE, JR.
D. BRET CARLSON
GEORGE N. LINDSAY
JAMES B. WELLES, JR.
ROSWELL B. PERKINS
ROBERT B. VON MEHREN
HAROLD H. HEALY, JR.
JOSEPH BARBASH
CHESTER BILLINGS, JR.
MICHAEL H. GOFF
WILLIAM B. MATTESON
BARRY R. BRYAN
RICHARD D. KAHN
WILLIAM PHILO CLARK
J. ASA ROUNTREE
GEORGE B. ADAMS, JR.
ROBERT J. GENIESSE
ANDREW C. HARTZELL, JR.
PHILIP S. WINTERER
STEPHEN BENJAMIN
LOUIS BEGLEY
GUY PASCHAL
DAVID V. SMALLEY
CECIL WRAY, JR.
JOHN F. JOHNSTON 2ND
ROBERT L. KING
BEVIS LONGSTRETH
STEPHEN J. FRIEDMAN
JOHN D. NILES
MEREDITH M. BROWN
BRUCE D. HAIMS
ROBERT L. LAFRENIERE
STANDISH FORDE MEDINA, JR.
EDWARD A. PERELL
THEODORE A. KURZ
HUGH ROWLAND, JR.
MICHAEL E. PATTERSON
BARBARA PAUL ROBINSON
JONATHAN A. SMALL
VINCENT M. SMITH
PAUL H. WILSON, JR.
WOLCOTT B. DUNHAM, JR.

DEBEVOISE, PLIMPTON, LYONS & GATES

299 PARK AVENUE NEW YORK, N.Y. 10017

TELEPHONE: (212) 752-6400

CABLE: DEBSTEVE NEW YORK

INTERNATIONAL TELEX: 224400 DOMESTIC TELEX: 12-6607

EUROPEAN OFFICE
5, PLACE DU PALAIS BOURBON
75007 PARIS

TELEPHONE: 555-06-66

CABLE: DEBSTEVE PARIS

TELEX: 250602

January 28, 1977

Memorandum to Client-Defendants in the Equity Funding Litigations

Possible Assertion of Claims Against The Boston Company Institutional Investors, Inc. and John W. Bristol & Co., Inc.

By a memorandum opinion dated January 18, 1977

Judge Lucas determined that:

(i) the Lawton and Salomon actions will be remanded from the United States District Court for the Central District of California to the United States District Court for the Southern District of New York;

(ii) the Lawton and Salomon actions are consolidated for trial before a jury;

(iii) Trial will commence on April 19, 1977, and it will probably be presided over by Judge Lucas before whom these actions are presently pending in Los Angeles.

(iv) All pleadings (including counterclaims and cross claims) in these actions are to be filed by February 7, 1977;

(v) Pretrial memoranda are to be filed by February 25, 1977, and a final pre-trial conference is scheduled for April 11, 1977 in Los Angeles.

In connection with the pleadings which we must file on your behalf by February 7, 1977, we request that you advise us as to whether we are authorized, if in our best judgment this appears appropriate, to assert cross claims for contribution and/or indemnity against The Boston Company Institutional Investors, Inc. ("Triple I") and John W. Bristol & Co., Inc. ("Bristol"), your respective investment advisers.

The clients of Triple I, whose Equity Funding Corporation of America ("EFCA") common stock was sold on March 21, 1973, are defendants in the Lawton action only. With the exception of Republic Steel Pension Trust Account No. 2, the March 21 Sellers have been paid the proceeds realized upon the sale of their EFCA securities. Plaintiffs in the Lawton action seek to rescind the March 21 sales, and to have the March 21 Sellers return the proceeds attributable to such sales (i.e., e., this does not include any funds you received from the the class and which are the subject of the settlement agreement recently consummated and pending for Court approval.

In Lawton it is alleged that the March 21 Sellers and Triple I are jointly and severally liable to return the proceeds received from the plaintiff. In the event you are held liable and thus forced to return the proceeds you realized upon the sale of your EFCA securities, the successful prosecution of a cross claim could minimize your losses by requiring Triple I to pay part or all of the judgment entered against you. The amount that Triple I would be required to pay if your cross claim is successful is uncertain. It can reasonably be anticipated that Triple I will argue in defense of any cross claim that because you and not it has benefited from the proceeds received from Lawton, you should bear full responsibility for responding in damages.

The quality of the Bristol clients' claim for contribution and/or indemnity in the Lawton action and the Salomon action (in which no March 21 Sellers are defendants) is different from that of the Triple I clients because of the fact that the Bristol clients have not been paid for the sale of their EFCA securities and are seeking to compel payment by Salomon. If unsuccessful at trial the Bristol clients will receive no payment from Salomon. We cannot advise you with any degree of certainty as to the value, if any, of the contribution right the Bristol clients have against Bristol.

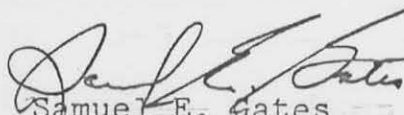
We believe that there is a good faith basis, however, for the Bristol clients to assert a claim for indemnity for the costs incurred in the defense of the Salomon and Lawton actions.

The assertions of cross claims at this time may serve to complicate and protract the litigations.* You must recognize, of course, that if you assert cross claims against Bristol and Triple I, then they may assert cross claims against you. Their position, as we understand it, is that they have already contributed a great deal to the defense of these litigations, and if Triple I and Bristol had not acted in accordance with their fiduciary responsibilities and sold your EFCA stock in order to minimize your losses, you would be in the same position as those who were left holding EFCA securities on the date trading was suspended. On balance, however, we do not believe that cross claims need jeopardize your defense on the merits.

* Claims for contribution and indemnity can be asserted in a separate lawsuit subsequent to judgment in the Lawton and Salomon action, i.e. the fight can be postponed for another forum and another day. This, of course, means added legal expense and the expenditure of time on your part, with no guarantee of a successful result.

We recognize the time pressures you face in replying to this letter, but are sure you can appreciate the time constraints that Judge Lucas has imposed upon us. Accordingly, we request that you contact any of the undersigned as soon as possible to state whether you authorize us to institute cross claims for contribution and/or indemnity on your behalf.

Sincerely,

A handwritten signature in dark ink, appearing to read "Samuel E. Gates". The signature is fluid and cursive, with the first name "Samuel" being the most prominent part.

Samuel E. Gates
Richard I. Janvey
Stephen C. Muther

Memorandum from
RALPH E. HANSMANN

11/8/76

To: Harry Woolf

The attached will bring you up to date on the Equity Funding matter.

Best and regards.



R. E. H.

cc: Howard C. Petersen
J. Richardson Dilworth
James R. Houghton
Michael V. Forrestal
Minot C. Morgan, Jr.

ELI WHITNEY DEBEVOISE
FRANCIS T. P. PLIMPTON
SAMUEL E. GATES
OSCAR M. RUEBHAUSEN
THOMAS T. RICHMOND
WILLIAM EVERDELL
CHARLES I. PIERCE, JR.
D. BRET CARLSON
GEORGE N. LINDSAY
JAMES B. WELLES, JR.
ROSWELL B. PERKINS
ROBERT B. VON MEHREN
HAROLD H. HEALY, JR.
JOSEPH BARBASH
CHESTER BILLINGS, JR.
MICHAEL H. GOFF
WILLIAM B. MATTESON
BARRY R. BRYAN
RICHARD D. KAHN
WILLIAM PHILO CLARK
J. ASA ROUNTREE
GEORGE B. ADAMS, JR.
ROBERT J. GENIESSE
ANDREW C. HARTZELL, JR.
PHILIP S. WINTERER
STEPHEN BENJAMIN
LOUIS BEGLEY
GUY PASCHAL
DAVID V. SMALLEY
CECIL WRAY, JR.
JOHN F. JOHNSTON 2ND
ROBERT L. KING
BEVIS LONGSTRETH
STEPHEN J. FRIEDMAN
JOHN D. NILES
MEREDITH M. BROWN
BRUCE D. HAIMS
ROBERT L. LAFRENIERE
STANDISH FORDE MEDINA, JR.
EDWARD A. PERELL
THEODORE A. KURZ
HUGH ROWLAND, JR.
MICHAEL E. PATTERSON
BARBARA PAUL ROBINSON
JONATHAN A. SMALL
VINCENT M. SMITH
PAUL H. WILSON, JR.

DEBEVOISE, PLIMPTON, LYONS & GATES

299 PARK AVENUE NEW YORK, N.Y. 10017

TELEPHONE: (212) 752-6400

CABLE: DEBSTEVE NEW YORK

INTERNATIONAL TELEX: 224400 DOMESTIC TELEX: 12-6607

SIDNEY G. EDWARDS
EARLE J. STARKEY
COUNSEL

EUROPEAN OFFICE
5, PLACE DU PALAIS BOURBON
75007 PARIS

TELEPHONE: 555-06-66
CABLE: DEBSTEVE PARIS
TELEX: 250602

November 5, 1976

PRIVILEGED AND CONFIDENTIAL

Status Report to Client-Defendants
in the Equity Funding Corporation
of America Securities Litigations

We are writing to apprise you of various developments in the Equity Funding Corporation of America ("EFCA") securities litigations, pending for pre-trial proceedings in the United States District Court for the Central District of California.

1. Pre-trial Proceedings. All pre-trial discovery has been concluded. Pre-trial discovery has been extensive and very time consuming, and it is fair to state that counsel for both plaintiffs and defendants have a full understanding of the merits and demerits of their respective positions. We are currently in the process of reviewing and analyzing in preparation for trial and the filing of pre-trial orders and memoranda of law the information obtained during pre-trial discovery. We will be communicating with you shortly concerning our views with respect to the merits of the issues involved.

As you will recall, the various underlying actions in which you are named as defendants are pending before Judge Malcolm M. Lucas, of the United States District

Court for the Central District of California. Although there are some 117 underlying actions, we think that at this time there are basically only three actions with which you should be concerned--the Lawton action, the Salomon action and a class action.

Those of you whose securities were sold by Boston Institutional Investors ("Triple I") on March 21, 1973 (the "March 21 Sellers") are defendants in an action brought by Lawton General Corporation. This action also includes as defendants those of you whose stock was sold on March 26, 1973 by John W. Bristol & Co., Inc. ("Bristol") (the "March 26 Sellers"). The March 21 Sellers and American Airlines Pension Trust (whose EFCA stock was sold by Triple I on March 15, 1973) are defendants in a class action brought on behalf of all open market purchasers of EFCA securities during the period March 15 through March 27, 1973. At present plaintiffs' class action counsel is not asserting that the March 26 Sellers have any liability to the class. However, the March 26 Sellers are also defendants in an action brought by Salomon Brothers which seeks to rescind the purchases by Salomon Brothers, as principal and agent, of the March 26 Sellers EFCA securities.

Three other actions which were filed by Oppenheimer Time Fund, the State Teachers Retirement Fund of Ohio and Jerome Factor are pending against several of you. However, it is expected that plaintiffs in these actions will seek to be members of the aforementioned class and, therefore, these suits are not of the same significance as the class action and the Salomon and Lawton actions.

The crucial issues in these cases involve mixed questions of fact and law. The defenses we can interpose on your behalf are closely linked with those of your respective investment advisers. As you may recall, Raymond L. Dirks, a securities analyst, heard rumors concerning EFCA's underlying financial condition from a former employee of an EFCA subsidiary and attempted to ascertain the validity of these rumors from certain officers and directors of EFCA. Dirks related the substance of these conversations to Triple I which in turn disclosed them to Bristol.

At trial we will take the position that the Dirk's rumors are nothing more than that. Plaintiffs, however, are of the view that these rumors constitute material inside information. We believe that the legal determination

of the character of the Dirk's rumors is the central issue in the various actions. Is information which at the time received can only be characterized as a "rumor", but which subsequently proves to be true, to be considered a material fact? We are also of the view that various persons at Lawton General Corporation and Salomon Brothers either may have known of or had access to information about the Dirks' rumors, but chose to disbelieve such rumors. It is our tentative opinion that numerous equitable and legal defenses are available to you. However, at best the outcome of the Lawton and Salomon actions is a "toss of the coin". In the class action the only real issue involves the legal characterization of the Dirk's rumors. Accordingly, the risk of incurring liability in the class action is even greater than in the Lawton and Salomon actions.

On October 28, 1976, Judge Lucas held a pre-trial conference to consider preliminarily whether the above actions will be tried in New York or Los Angeles and the manner in which they will be tried. At this time, the Court has not determined where trial will be held. The Court has determined, however, that trial will commence on February 22, 1977. In the next several months we shall be preparing for trial. We anticipate that the trial will be of four to six weeks in duration, and in the Salomon and Lawton actions we will seek a jury trial. It is difficult to estimate what our legal fees will be in connection with preparation and trial of the cases. Although we have been coordinating the defense of these actions with counsel for Triple I, Bristol and certain other defendants, and will continue to do so whenever practicable, you should assume our legal fees for trial will be at least \$250,000.

2. Settlement Conferences. Since June, 1975, and particularly since early this year, we have been engaged in extensive settlement discussions with counsel for class action plaintiffs as well with counsel for Lawton General Corporation and Salomon Brothers. Although we are engaged in preparation for trial, it is also our view that these cases are well deserving of settlement, and a compromise would serve the interests of both plaintiffs and defendants. We have had discussions with several of you concerning what you would consider to be an acceptable range for settlement.

At present, plaintiffs are not willing to agree to what we feel would be a reasonable settlement proposal. Judge Lucas has appointed Judge Wm. Matthew Byrne, Jr. also of the Central District of California as a Settlement Judge.

Judge Byrne has agreed to preside over settlement discussions and help to clarify the issues in dispute. We appeared before Judge Byrne on October 28, 1976 and expect that there will be further conferences before him. We are cautiously optimistic that Judge Byrne will be able to effect a settlement.

In preparation for further discussions before Judge Byrne, we would find it helpful if you would communicate with Richard I. Janvey of this office, either in writing or by telephone, your views with respect to an acceptable level of settlement. It should be kept in mind that the considerations concerning settlement of the March 21* and March 26 Sellers are somewhat different.

The March 21 Sellers will be required to "disgorge" a certain amount of the monies they received on the sale of their EFCA securities. The March 26 Sellers, on the other hand, will receive monies from Salomon Brothers. Therefore, a March 21 Seller should be thinking in terms of the maximum amount it would be willing to disgorge in settlement, and a March 26 Seller should be thinking in terms of the minimum amount it would be willing to accept in settlement.

3. Securities and Exchange Commission ("SEC") Proceedings. Pursuant to an Order, dated August 24, 1976, the SEC has commenced public proceedings against Triple I, Bristol, the Dreyfus Special Income Fund, Inc., Manning & Napier and Tomlin, Zimmerman & Parmelee, Inc. Public hearings are expected to commence before the end of the year. The net result of this development is that it will complicate the trial of your cases. Strictly speaking the fact of the pendency of a public proceeding by the SEC is not admissible at trial. However, plaintiffs will seek to take advantage of this fact.

4. Alfred University, et al. v. Wolfson, Weiner, et al. As you will recall from our memorandum, dated February 26, 1976, Judge Lucas' ruling with respect to your

* The position of American Airlines Pension Trust with respect to settlement is identical with that of the March 21 Sellers.

rights against the EFCA accountants was ambiguous, and we, therefore, recommended that you authorize us to institute on your behalf a separate action against the accountants of EFCA. The accountants have agreed to settle the lawsuits pending against them, and such settlement would include the Alfred University action.

At present it is difficult to determine precisely the exact amount of money each of you will receive pursuant to such settlement. We believe based upon conversations with plaintiffs' co-chairman and liaison counsel that each of you will receive between 15 to 20¢ per dollar of adjusted loss. A formula to distribute the proceeds of the accountants' settlement will be developed, but it will be similar to that used in the Reorganization Proceedings.

If any of you have any objections to the compromise of the Alfred University action or any questions concerning any aspects of the litigation, please communicate with Richard I. Janvey. Further, if you wish to meet us to discuss these actions or your particular position with respect thereto, please advise us.

Sincerely,



To: Members of Finance Committee,
Institute for Advanced Study

September 16, 1976

EQUITY FUNDING

I had a call from Richard Janvey of Debevoise, Plimpton, Lyons & Gates to post me on recent developments. The Institute's total claim against Salomon Bros is \$262,500. (15,000 shares x \$17.50 per share).

Salomon Bros. have offered to settle for 25% of the amount due. They point out that (a) the Institute would receive an additional 20% of its claim from a class action suit against the accountants. Janvey pointed out that it was not clear whether this would be 20% of the full amount of the claim or 20% of the 75% since, if we agreed to the settlement, we would be receiving 25% of the amount from Salomon Bros. and (b) in addition the Orian stock to be distributed to former shareholders of Equity Fund is estimated to have a value of about 5% of the claim.

I do not think the Salomon Bros. settlement offer is adequate; Janvey agrees. I feel that Salomon Bros. should pay 50% of the amount due. This together with what the Institute receives from the derivative action suit and the value of the Orian stock would give the Institute recovery of about 75% of its claim. Janvey indicated that he thought an acceptable settlement by Salomon Bros. would be 40% of the claim.

We can discuss this at our forthcoming Finance Committee meeting on Friday, October 15th.

R. E. H.

REH:BMG

Memorandum from
RALPH E. HANSMANN

3/18/76

To: Carl Kaysen

Re: Equity Funding

The attached is for your
information and files.

Regards.

R. E. H.

cc: Minot C. Morgan, Jr.
with enclosures

J

Finance Committee

March 30, 1976

In re Equity Funding Corporation of America -
Securities Litigation -- Plaintiffs' Questionnaire

Defendant Name: The Institute for Advanced Study

1. With respect to any and all oral communications concerning Equity Funding Corporation of America ("Equity Funding") or its securities which you or any representative of your institution may have had with any person from John W. Bristol & Co. Inc. ("Bristol") during the period September 1972 through and including April 30, 1973 list:

(a) The date of the conversation(s) (or an approximate date if you have no specific recollection):

March 26, 1973 telephone call from John W. Bristol to Ralph E. Hansmann, Treasurer of the Institute.

March 27, 1973 telephone call from John W. Bristol to Donald C. Jenkins, Assistant Treasurer of the Institute.

April 19, 1973 luncheon meeting with Fraser Lyle of John W. Bristol's office, Ralph E. Hansmann, and Donald C. Jenkins.

April 27, 1973 Fraser Lyle of John W. Bristol's office met with Institute's Finance Committee at its annual spring meeting in Princeton, New Jersey.

(b) The parties to the conversation(s):

Answer included in (a) above.

(c) Whether the conversation(s) was by telephone or during a personal meeting:

Answer included in (a) above.

(d) The substance of the conversation(s), i.e., state what you or the representative of your institution said, and what the person or persons from Bristol said during such telephone conversation(s) or meeting(s):

March 26, 1973 - John W. Bristol/^{called}Ralph E. Hansmann, Treasurer, and said that he had sold the Institute's 15,000 shares of Equity Funding along with the shares of other accounts which he supervised. I said that this was certainly all right with us. Since we did not follow the situation and John Bristol felt it should be sold, we certainly would go along with his judgment.

March 27, 1973 - John W. Bristol called Donald C. Jenkins, Assistant Treasurer, and assistant to Ralph E. Hansmann and asked Mr. Jenkins ^{if he had} if he was aware of the block that traded the day before and/heard any rumors with respect to Equity Funding. Mr. Jenkins said that he had not and John Bristol responded that he had heard some disturbing rumors which he had been unable to adequately check out and, therefore, he decided to sell all of the shares in the accounts which he supervises including the 15,000 shares held by the Institute.

April 19, and 27, 1973 - To the best of my recollection, the gist of these conversation with Fraser Lyle were: It is too bad it happened. Never before, so far as we can recall, has a member of the New York Stock Exchange welched on a trade. We should have a basis for legal action.

By way of example, but not to exclude any other conversations, list all conversations between you, or the representative of your institution, and Bristol which may have occurred at investment/finance committee meetings, board of trustees meetings or during periodic telephone conversations between you and Bristol. Particular attention should be given to conversations, if any, which may have occurred at the end of March 1973 or the beginning of April 1973 after Bristol sold Equity Funding securities from your account.

2A. Did you or any representative of your institution have any oral conversations or written communications with respect to Equity Funding or its securities with Raymond L. Dirks during the period September 1972 through and including April 30, 1973?

NO

2B. If your answer to question 2A is in the affirmative, please state the following:

(i) The date of any such conversation(s) or approximate dates(s) if you have no specific recollection:

(ii) The parties to the conversation(s):

(iii) Whether the conversation(s) was by telephone or in a personal meeting with Mr. Dirks:

(iv) The substance of the conversation(s) -- i.e., state what you or the representative of your institution said to Mr. Dirks and what Mr. Dirks said to you or the representative of your institution:

2C. State whether you or a representative of your institution had any conversation with respect to Equity Funding or its securities with any stockbroker during the period September 1972 to and including April 30, 1973:

None to the best of my recollection.

2D. If your answer to question 2C is in the affirmative, please state the following:

(i) The date of any such conversation(s) or approximate dates(s) if you have no specific recollection:

(ii) The parties to the conversation(s):

(iii) Whether the conversation(s) was by telephone
or in a personal meeting:

(iv) The substance of the conversation(s) -- i.e.,
state what you or the representative of your institution
said and what was said to you or the representative of
your institution:-

3. Please attach hereto a copy of any and all
- (a) memoranda
 - (b) notes
 - (c) ~~minutes of investment/finance committee or~~ board of trustees meetings and
 - (d) any other writings which may be in your possession or in the possession of representatives of your institution

which refer to or memorialize conversations, if any (including telephone conversations and personal meetings), during which Equity Funding was discussed by you or any representative of your institution during the period January 1, 1971 up through and including the present.

No memoranda or notes were written memorializing conversations etc. about Equity Funding or, in fact, on any security recommended by John W. Bristol & Co.

Minutes of investment/finance committee meetings and pertinent portions of minutes of board of trustees' meetings during the period January 1, 1971 and up through and including the present are attached.

In obtaining the information requested by this question, you should be sure to review investment/finance committee minutes, if any, letters to or from Bristol, if any, and any other written information or notes, if any, you may have with respect to Equity Funding or its securities.

4. Please attach hereto a copy of each and every document, memoranda or other writing you have received from Bristol during the period December 1971 through the present which refers in any way to Equity Funding or its securities.

Specifically, if you have copies of the following memoranda from Bristol please furnish them as an attachment hereto:

(a) Bristol memoranda on Equity Funding dated February 25, 1972, May 2, 1972 and March 7, 1973;

(b) a one-page memorandum dated April 6, 1973 from Bristol advising you that Equity Funding securities in your account were sold;

(c) a two-page memorandum dated April 18, 1973 from Bristol with respect to obtaining legal counsel for the Lawton and Salomon actions.

It was customary to dispose of all analyses and updates with the thought that copies of these could be obtained from John W. Bristol & Co. at any time on request. Therefore, copies of memoranda referred to in Paragraph (a) above are not in our files.

Copies of items (b) and (c) are attached.

By Signed Ralph E. Hansmann
Ralph E. Hansmann

Dated: March 18, 1976

JOHN W. BRISTOL & CO., INC.
233 BROADWAY
NEW YORK, N. Y. 10007
212-267-9000

April 18, 1973

To our clients holding Equity Funding:

Many of our clients have been in touch with us concerning legal representation in connection with the Salomon Brothers case and any other related cases which have been or may be filed as a result of the transactions in question involving Equity Funding. In view of the inquiries we have received, we feel it incumbent to give you our thoughts on this matter and the benefit of a suggestion.

Obviously, each of our clients must individually make the decision as to its own representation. Legal expenses of clients should be kept to a minimum, consistent with complete and effective representation in view of the apparent similarity of interest of our clients with respect to relevant matters. After a careful assessment of these considerations, we have concluded that the interest of all of our clients might be best and most effectively served by legal representation through a single law firm. Such representation would diminish substantially the legal expenses which each of our clients might have to bear individually. At the same time, such representation would insure that the best interest of all clients can be protected in the most efficient and expeditious manner.

We have given considerable thought to the recommendation of a New York firm for this purpose. Our conclusion, which is based upon extensive investigation, is that Curtis, Mallet-Prevost, Colt & Mosle, 100 Wall Street, New York, New York 10005 should be selected for this purpose. This firm has a fine reputation, already represents at least 4 of our clients (as noted below), and enjoys a high reputation for professional competence in the area of litigation in which we are involved. Peter E. Fleming, Jr., Esq. would be in charge of the matter for his firm.

Esatase
Delivovis *Phipton*

Princeton
Switzerland
Andrews
Howard
Research Institute
Hallmark

Wright, Counsel at Princeton
when I rec'dal approves

202,000

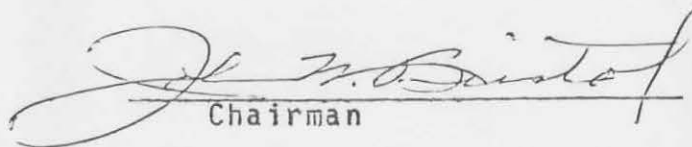
- 2 -

Needless to say, John W. Bristol & Co., Inc., The Boston Company and any other affiliate will be represented by other counsel. Obviously, as noted above, the selection of counsel is a matter of individual choice for each of our clients. If you agree with our suggestion and recommendation, however, we suggest you contact Peter Fleming directly in writing, as soon as possible.

Incidentally, it may be that you have not yet been served with a copy of the complaint in the Salomon Brothers case. You should not be disturbed if efforts are made to serve you. When and if you are served, simply contact Mr. Fleming if you agree with our suggestion above.

Sincerely,

JOHN W. BRISTOL AND CO., INC.


Chairman

JWB:lh

LIST OF CURTIS, MALLET CLIENTS ALREADY
SERVED IN THIS CASE

1. Banbury Fund, Inc.
2. Northfield Mount Hermon School
3. Sterling & Francine Clark Art Institute
4. Robertson Foundation, U.S. Trust A/C - 856805

JOHN W. BRISTOL & CO., INC.
233 BROADWAY
NEW YORK, N. Y. 10007
212-267-9000

April 6, 1973

Memo to clients who held Equity Funding

Because a large number of the portfolios under our management are involved in the Equity Funding problem we are, in the interest of saving time, taking this method of bringing you up to date on the current status of the situation.

As you have been previously advised, we executed a block sale of the entire client holdings of Equity Funding stock on Monday, March 26, 1973. This transaction was executed shortly after the opening at a price of 17 1/2 by Salomon Bros. Confirmations of each individual account's sale have been received by us.

The "settlement date" for this sale was Monday, April 2nd. Your Custodian bank presented your shares to Salomon Bros., who have refused to accept delivery and pay for the stock. We are shocked by this action of Salomon which, to the best of our knowledge, is unprecedented. Salomon has officially given no explanation for failing to honor their contract, but states that they are investigating the transaction to determine whether our sale might have been based on "inside" information and therefore might be illegal.

The firm of Goodwin, Procter & Hoar, counsel for our parent, The Boston Co. is actively advising us on this problem. We are notifying you of these matters so that you can consider and advise us what action you may wish to take to protect fully your interests in respect of this Equity Funding matter.

John W. Bristol & Co., Inc.

1