

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release ("Agreement") is made and entered into by and between Felix Kha and his agents, attorneys, servants, employees, representatives, and successors in interest (collectively "KHA"), and the City of Garden Grove and its agents, officers, directors, attorneys, servants, representatives, employees, predecessors, successors in interest, assignees, (collectively the "CITY"). KHA and the CITY are sometimes collectively referred to as the "Parties" and individually as a "Party".

RECITALS

A. During a routine traffic stop, police officers employed by the CITY seized a small amount of marijuana from KHA. After criminal charges against Kha were dismissed, Judge Linda S. Marks granted a motion filed by KHA and ordered that the CITY return the marijuana to KHA. The CITY filed a petition of writ of mandate in Division Three of the Fourth District Court of Appeal. In a published opinion issued after full briefing, the Court of Appeal upheld the order of the trial court. The California Supreme Court and the United States Supreme Courts denied the CITY's petitions for review.

B. KHA filed a motion and supplemental motion seeking approximately \$273,000 in attorneys fees. The CITY disputes both KHA's entitlement to attorneys' fees and the validity of the amount of the fees sought.

C. Notwithstanding the disagreements between the Parties regarding Kha's entitlement to recover attorneys fees, the Parties desire to resolve and fully settle, compromise, and release any and all disputes, claims, and defenses brought or asserted in, arising from, and/or related to any claim to the recovery of attorneys' fees Kha might have without incurring additional costs or expenses.

AGREEMENT

Therefore, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. The CITY agrees to pay, and KHA agrees to accept the sum of \$139,000.00, inclusive of costs, as full and complete compensation for attorneys fees incurred on by or on behalf of KHA in connection with the seizure of the marijuana. The CITY shall pay such amount in one lump sum payment, made payable to Americans For Safe Access. The payment will be made within 15 business days of the effective date of this Agreement.

2. KHA's legal counsel affirmatively represents and warrants that the undersigned attorney and his employer Americans for Safe Access, together with the other attorneys listed in the motion for attorneys' fees, are solely entitled to recover any attorneys' fees which Kha might be entitled to recover in connection with the seizure of Kha's marijuana. Said counsel, on behalf of himself and his respective agents, employees, successors, assigns and all those who are legally

authorized to act for or on behalf of him (the "Releasing Parties") hereby release, acquit, and forever discharge the City of Garden Grove and its officers, agents, employees, representatives, successors and assigns (the "City Released Parties") from any and all claims, demands, causes of action, obligations, and/or claims for costs and/or attorney's fees, whether known or unknown, anticipated or unanticipated, fixed or contingent, arising out of or in any way related to the CITY's seizure of KHA's marijuana and/or the CITY's petition for writ of mandate and related petitions for review (the "Released Claims").

The Releasing Parties hereby waive the protections of California Civil Code section 1542, which provides as follows:

"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 Releasing Parties represent that they understand and acknowledge the significance and consequences of a waiver of Civil Code section 1542, and hereby assume full responsibility for any injuries, damages, or losses which any of the Releasing Parties may incur as a result of said waiver.

3. This Agreement constitutes the full and entire Agreement between the Parties hereto and such Parties acknowledge that there is no other Agreement, oral and/or written, between the Parties hereto.

4. Neither this Agreement, nor any interest herein, shall be assignable by any Party without prior written consent of the other Parties.

5. Neither the negotiation, performance, nor the terms and conditions of this Agreement shall be deemed or construed to be an admission of liability by any Party for any purpose.

6. The Parties, and each of them, hereby represent to the other that no entity or individual holds any lien on or any security interest in any of the Released Claims.

7. The Parties represent and warrant that there are no legal proceeding pending concerning the matters resolved in this Agreement.

8. The Parties represent and warrant that they have not assigned or transferred or purported to assign or transfer, to any person, entity, firm or corporation who is not a signatory to this Agreement any of the Released Claims.

9. Except as expressly provided for in the release in Paragraph 2 and only for purposes of that Paragraph, the Parties do not intend to create any rights in third persons and the Parties agree that there are no third-party beneficiaries to this Agreement. No person other than a

Party to this Agreement or a Released Party may enforce this Agreement's terms, claim the right to benefit from its provisions, or rely upon the existence of its terms or conditions for its benefit.

10. The Parties have entered into this Agreement freely and voluntarily and after having consulted with legal counsel and having had the terms contained in this Agreement explained to each of them by counsel. The Parties have read, appreciate and understand the terms contained in this Agreement and are fully satisfied with those terms and the settlement set forth herein.

11. Each Party shall be independently responsible for investigating, determining and resolving his/its own tax and accounting consequences that might arise or result from the terms of this Agreement. Each Party also shall bear the risk of any tax or accounting consequences that may arise or result to him/it as a result of this Agreement, including, but not limited to, payment of any taxes and assessments.

12. If any section of this Agreement is found by competent authority to be invalid, illegal or unenforceable in any respect and for any reason, the validity, legality and enforceability of the unaffected remainder of such section in every other respect and the remainder of the Agreement shall continue in effect.

13. This Agreement may be executed in counterparts. Each of said counterparts, when so executed and delivered, shall be deemed an original and, taken together, shall constitute but one and the same instrument. The signatures to this Agreement may be evidenced by facsimile copies reflecting the signatures hereto, and any such facsimile copy shall be sufficient to evidence the signature just as if it were an original signature.

14. Each respective Party represents and warrant that the respective individual signing below on his/its behalf has full authority to execute this Agreement for and on behalf of that Party and that, once executed, this Agreement will be binding and enforceable according to its terms.

IN WITNESS WHEREOF, the undersigned have executed this Settlement Agreement on the date affixed by their signature.

Felix Kha
By: AMERICANS FOR SAFE ACCESS

Dated: 6/8/09

Joseph D. Elford
JOSEPH D. ELFORD, counsel for Felix Kha

Dated: June 9 2009 Matthew Fertz
MATTHEW J. FERTAL
City Manager, City Of Garden Grove

Approved as to form and content.

WOODRUFF, SPRADLIN & SMART

Dated: June 9, 2009 M. Lois Bobak
M. LOIS BOBAK, counsel for the City of Garden
/Grove

444951 DATE	ACCOUNT CODE	PURCHASE ORDER NO.	VENDOR INVOICE NO.	NET AMOUNT
062309 061609	789 9980 21600		CLAIM 08/09-2878 KHA, KEVIN TOTAL	139,000.00 139,000.00

DETACH BEFORE DEPOSIT

FORM 143-2

THIS IS A CHECK THAT HAS A SCREENED BACKGROUND AND CONTAINS AN ARTIFICIAL WATERMARK

CITY OF
GARDEN GROVE
CALIFORNIA

UNION BANK OF CALIFORNIA
GARDEN GROVE, CA 92840

VOID IF NOT CASHED IN 60 DAYS
CHECK CLEARS THROUGH POSITIVE PAY

NO

16-105/1229

444951

PAY TO THE ORDER OF

DATE 06/16/09

AMOUNT ***\$139,000.00

Pay Exactly One Hundred Thirty Nine Thousand and 00/100 Dollars

AMERICANS FOR SAFE
ACCESS

Raymond B. ...
FINANCE DIRECTOR
John P. ...
TREASURER

⑈444951⑈ ⑆122000496⑆ 2042850020⑈