

1 **LAW OFFICES OF JUDY ALEXANDER**
2 JUDY ALEXANDER #116515
3 824 Bay Avenue, Suite 10
4 Capitola, CA 95010
5 Telephone: (408) 479-3488

6 Attorneys for Defendant
7 STEVEN PRESSMAN

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 CITY AND COUNTY OF SAN FRANCISCO

10 LANDMARK EDUCATION
11 CORPORATION,

12 Plaintiff,

13 vs.

14 STEVEN PRESSMAN,

15 Defendant.

Case No: 989890

16 DECLARATION OF JUDY
17 ALEXANDER IN SUPPORT OF
18 OPPOSITION TO MOTION FOR
19 SANCTIONS

Date: January 16, 1998

Time: 9:30 A.M.

Dept: 301

Judge: Hon. David A. Garcia

Date Action Filed: September 26, 1997

Trial Date: Not set

20 I, Judy Alexander, declare as follows:

21 1. I am the attorney for the Defendant Steven Pressman ("Pressman") in the
22 above-entitled action. I am duly licensed and admitted to practice before this Court. I make
23 this declaration of my own personal knowledge and, if called upon to do so, I could and
24 would testify thereto.

25 2. Attached hereto as Exhibit A is a copy of the Reporter's Transcript of
26 Proceedings in this matter on November 18, 1997.

27 3. On January 6, 1998 I telephoned Carol LaPlant, attorney for plaintiff
28 Landmark Education Corporation ("Landmark"), and suggested that we agree to continue the

1 hearing on Pressman's motion to strike and demurrer and Landmark's motion for sanctions
2 until after Commissioner Best issues his ruling on Landmark's motion to compel.
3 Landmark's counsel felt such a continuance was unnecessary and wished to proceed with the
4 hearing as scheduled.

5 4. Attached hereto as Exhibit B is a copy of the Landmark Settlement Agreement
6 between Landmark, the Board of Directors of Cult Awareness Network, Inc., William
7 Rehling, Cult Awareness Network North Texas n/k/a Free Minds of North Texas, Inc. and
8 others. Paragraph 7 of the Landmark Settlement Agreement provides for dismissal with
9 prejudice of Landmark's complaint against all named defendants in Cook County, Illinois
10 case number 94-L-11478 ("the Illinois action") other than Cynthia Kissner. Attached hereto as
11 Exhibit C are copies of orders dismissing Cult Awareness Network, Inc., William Rehling,
12 and Cult Awareness Network North Texas n/k/a Free Minds of North Texas, Inc. from the
13 Illinois action. On January 8, 1998, I spoke with Beth Anne Alcantar of the Law Offices of
14 Gregory J. Ellis & Associates, Ltd., attorneys of record for Cynthia Kissner, the sole
15 remaining named defendant in the Illinois action. Ms. Alcantar informed me that Ms.
16 Kissner's motion for summary judgment was set to be heard on January 16, 1998.

17 I declare under penalty of perjury under the laws of the State of California that the
18 foregoing is true and correct. Executed this 9th day of January, 1998, at Capitola, California.

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22 Judy Alexander
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EXHIBIT A

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IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE CITY AND COUNTY OF SAN FRANCISCO
BEFORE THE HONORABLE DAVID A. GARCIA, JUDGE

DEPARTMENT NO. 10

---oOo---

LANDMARK EDUCATION CORPORATION,

PLAINTIFF,

VS.

STEVEN PRESSMAN, et al.,

DEFENDANTS.

NO. 989890

REPORTER'S TRANSCRIPT OF PROCEEDINGS

TUESDAY, NOVEMBER 18, 1997

REPORTED BY: JOSEPH HAYDEN VICKSTEIN, CSR #4780

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A P P E A R A N C E S :

For the Plaintiff:

Law Offices of ROPERS, MAJESKI, KOHN & BENTLEY
By: CAROL P. LAPLANT, Attorney at Law
670 Howard Street
San Francisco, Ca 94105

For the Defendant:

GENESIS LAW GROUP, LLP
By: JAMES M. CHADWICK, Attorney at Law
160 West Santa Clara Street, Suite 1300
San Jose, Ca 95113

1 TUESDAY, NOVEMBER 18, 1997

Morning Session

2 --oOo--

3 THE CLERK: Line 27, Landmark Education
4 Corporation versus Pressman.

5 MR. CHADWICK: Good morning, Your Honor. James
6 Chadwick appearing specially for Judy Alexander on behalf of
7 Steven Pressman.

8 MS. LAPLANT: Carol Laplant appearing for Landmark
9 Education Corporation, Plaintiff and Moving Party. I
10 submitted on the tentative and I believe it's quite
11 appropriate.

12 MR. CHADWICK: Your Honor, since I don't know the
13 rationale for the tentative, I can only speculate. But it
14 seems to me that there is no dispute that indeed Landmark
15 concedes that Mr. Pressman's entitled to respond to the
16 Complaint, and that he's entitled to do that in the way that
17 he sees fit. That's not in dispute.

18 If he's entitled to respond to the Complaint, it
19 seems to me that he is entitled to a hearing on his
20 response.

21 THE COURT: And he will get a hearing.

22 MR. CHADWICK: But if there's to be a hearing on
23 the Motion to Strike pursuant to the anti-SLAPP statute and
24 on the demurrer, it seems to me that it makes sense for both
25 those matters and the motion for the order compelling
26 testimony, to be heard and decided at the same time.

27 So I was here to propose that all these matters be
28 consolidated for hearing by the same judge, at the same

1 time. And that a briefing schedule be established to
2 accommodate that.

3 MS. LAPLANT: Your Honor, that was not proposed in
4 the papers, and I don't think it's a good solution to the
5 situation, because there is a very large --

6 THE COURT: There is litigation ongoing presently
7 in Illinois, is there not?

8 MS. LAPLANT: There is, yes.

9 THE COURT: And ultimately I suppose if there's a
10 real, if there's a SLAPP lawsuit to be maintained, it's
11 there in Illinois. Though as I understand it, Mr. Pressman
12 is not a Defendant in Illinois. He's merely a witness to
13 events in Illinois.

14 MS. LAPLANT: That's correct.

15 THE COURT: Now, whether or not he is entitled to
16 take the privilege, seems to me to be a discovery matter
17 that ought to be resolved by the Discovery Commissioner.
18 And it is at least conceivable that the Discovery
19 Commissioner will sustain his exercise of the privilege.
20 The matter will come here. And the matter, as a Motion to
21 Strike, is in essence moot because he's been sustained from
22 a privilege standpoint.

23 But the question whether or not he is he obligated
24 to respond to discovery seems to me, at the center of this
25 litigation. And that ultimately ought to be resolved --

26 MR. CHADWICK: Well, it seems to me --

27 THE COURT: -- in the appropriate way.

28 MR. CHADWICK: Your Honor, excuse me.

1 THE COURT: And it should not be resolved by this
2 Court, by this Court's arrogating to itself what is a
3 discovery issue through the guise of CCP Section 425.16.

4 You know, the real problem ultimately is, is that
5 under 425.16, they are not entitled to engage in any
6 discovery, as soon as you make that motion.

7 And we know from reading the case law that what
8 they have asked this Court to do is precisely what they are
9 obligated to do if they want to engage in any discovery
10 before they deal with the issue of CCP Section 425.16.

11 You know, so it is an interrelated issue. But I
12 see this as fundamentally a discovery issue. And that's the
13 reason I have ruled the way I have.

14 MR. CHADWICK: Your Honor, if I can say so,
15 obviously the application of the shield law to the facts
16 presented here is a matter of law. It doesn't have to be
17 decided as a discovery matter. It could be --

18 THE COURT: Except, it may be that I could decide
19 it, Counsel. But again, I already said, I am not going to
20 arrogate that responsibility unto myself.

21 We set up a system here in San Francisco whereby
22 discovery matters are resolved through the Discovery
23 Commissioner. And the Superior Court, I sitting as Law &
24 Motion judge, am not going to take on the responsibility
25 that we delegated elsewhere.

26 MR. CHADWICK: Well, Your Honor, since the
27 application of the anti-SLAPP statute, and the ability of
28 the Plaintiff to prevail is a matter that has to be

1 determined under the anti-SLAPP statute, and cannot be
2 reached by the Discovery Commissioner. It seems to me that
3 no --

4 THE COURT: That's the ultimate issue. That's the
5 ultimate issue. But ultimately the question is the
6 application. And in either forum, the application is the
7 application of the newsperson's privilege, if you will.
8 That's at the center of it.

9 Because if you are correct, then they have no
10 basis for enforcing any request for discovery, because
11 fundamentally, of the newsperson's privilege. Because
12 that's the way you can say to this Court that there is no
13 probability of success on their part. So I first would have
14 to decide whether or not this matter is a matter which is
15 actually contemplated by CCP Section 425.16.

16 I would point out that Mr. Pressman has not been
17 sued for any exercise of free speech.

18 MR. CHADWICK: I completely disagree with that,
19 Your Honor.

20 THE COURT: Has he been sued here for an exercise
21 of free speech?

22 MR. CHADWICK: This is the essence --

23 THE COURT: This is an attempt to learn
24 information from him.

25 MR. CHADWICK: This is an attempt to compel him to
26 testify about information that is protected by the First
27 Amendment.

28 THE COURT: That's different. Is it not? That's

1 a privilege issue. Discovery Commissioners deal with
2 privilege issues all the time.

3 MR. CHADWICK: Well, Your Honor, it seems to me
4 that at the very least, what we are looking at is a
5 situation here where I believe that both the merits of the
6 anti-SLAPP motion and the demurrer and the Motion to Compel
7 would have to be resolved in order for Mr. Pressman to
8 perfect an appeal.

9 And therefore, it seems to me that all these
10 matters have to be resolved, in one way or another, before
11 anything goes forward.

12 Now, I believe, and despite the representations of
13 counsel for the Plaintiff, I am not disparaging the
14 abilities of the Discovery Commissioner at all. I believe
15 we will prevail before the Discovery Commissioner.

16 But, I also believe that this is essentially a
17 SLAPP suit. That its main purpose is to harass. And I
18 believe that I am entitled on behalf of Mr. Pressman to a
19 determination of the merits on of that motion.

20 And in order to get a determination on the merits,
21 that matter has to be heard and decided before the ultimate
22 culmination of this. If there is, and I don't believe there
23 will be, but if there is a Motion to Compel Mr. Pressman's
24 testimony that results from this Motion to Compel, what then
25 will Mr. Pressman's remedy be in order to obtain a
26 determination and perfect an appeal?

27 MS. LAPLANT: We don't object to the hearing of
28 the anti-SLAPP motion. And we don't object to the hearing

1 of the demurrer. We are simply saying that it suits
2 everybody's purposes to hear the discovery matter first in
3 the Discovery Department.

4 And then if Mr. Pressman wants to proceed with his
5 motion, and risk liability for our attorneys' fees, he can
6 put it on calendar then and that's our proposal. After the
7 discovery hearing is concluded, his motion can go back on
8 calendar.

9 MR. CHADWICK: Essentially it seems to me that
10 what counsel for Landmark is arguing for is essentially what
11 they claimed they were trying to avoid, which is two
12 hearings on the same issue. Why not have everything heard
13 by the same judge at the same time?

14 MS. LAPLANT: Well, as far as we are understand,
15 once the discovery matter has been heard by the Discovery
16 Commissioner, there is no need for Law & Motion to
17 reconsider the same material.

18 MR. CHADWICK: Now, do we --

19 THE COURT: Wait a second. You are talking to me,
20 okay?

21 MR. CHADWICK: Do we get a hearing or don't we?

22 THE COURT: I don't know. It depends upon what
23 the posture is. I have already said, all they have asked me
24 to do is to continue the hearing on the demurrer and the
25 Motion to Strike and relief from the stay. And I have said
26 "granted."

27 So we will give you a hearing date for the
28 demurrer and the Motion to Strike. We will deal with that.

1 As she says, if you want to press it -- if you prevail
2 before the Commissioner, you have prevailed before the
3 Commissioner. Then the question becomes whether or not I
4 suppose I should hear this.

5 I still will -- you know, it is conceivable that
6 you prevail before the Commissioner, you come in here and
7 ask for the matter to be stricken on the grounds that it's
8 an anti-SLAPP litigation and that this Court could
9 conceivably say, "No, it's not." And -- but I will still
10 not disturb the Commissioner's ruling.

11 MR. CHADWICK: It would also be possible --

12 THE COURT: Conversely, it would be possible, I
13 suppose, that the Commissioner would say you don't lose.
14 You lose. There is no newspaper person's privilege. And
15 then that -- well, that will put me in a different position,
16 I suppose. If you lose over there, I guess my answer here
17 would be, "Take a writ."

18 MR. CHADWICK: Your Honor, I think we'd have a
19 right to appeal. But that's a separate matter.

20 THE COURT: Well, I am not an appellate lawyer. I
21 am just a Superior Court judge.

22 MR. CHADWICK: But Your Honor, as a matter --

23 THE COURT: So don't take my advice on how to
24 proceed before the appellate departments as categorical.

25 MR. CHADWICK: It is a matter of law, though, that
26 we would have to -- we would still be entitled to a hearing,
27 because there'd be no law of the case to prevent us from
28 seeking and obtaining a hearing. What I am saying is --

1 THE COURT: There is no law of the case no matter
2 take I do. There's only law of the case when the Court of
3 Appeal speaks.

4 MR. CHADWICK: Precisely. So we still have to
5 have a hearing on the demurrer and Motion to Strike.

6 THE COURT: So be it. We'll still have a hearing
7 on it. I don't --

8 MR. CHADWICK: Then in what way is judicial
9 economy or the best interests of the parties served by
10 delaying this matter further, following a hearing on a
11 Motion to Compel?

12 THE COURT: That's a rhetorical question. I think
13 that judicial economy is best served by having discovery
14 matters resolved in the manner that this Court has
15 determined that they should be decided.

16 And this is, if you will, a proceeding that is in
17 essence designed to obtain discovery, all right? And that's
18 what I think should happen. So we will give you a date.

19 MS. LAPLANT: Your Honor?

20 THE COURT: When is your hearing date before
21 Commissioner?

22 MS. LAPLANT: I don't have one yet, because it was
23 taken off calendar. So the way I've drafted the proposed
24 order is the demurrer and Motion to Strike can be put back
25 on calendar after the discovery matter is concluded. After
26 the hearing is concluded.

27 MR. CHADWICK: Just as a purely temporal matter,
28 Your Honor, Miss Alexander on whose behalf I am specially

1 appearing is out of the country on business from November
2 19th to November 30th. So I'd like the calendaring the
3 Motion to Compel to accommodate that. And I would like to
4 get a hearing date on the demurrer --

5 THE COURT: I'd be happy to get a hearing date --
6 I can give it to you in January. My assumption is that you
7 will have your Motion To Compel sometime in December. Miss
8 Roque, sometime in January? Mid-january?

9 THE COURT: Pick a date, Counsel. Any day of the
10 week of the month of the 12th or 19th. Whichever you
11 prefer.

12 MR. CHADWICK: I don't have my good glasses on,
13 Your Honor. Excuse me while I walk over here.

14 THE COURT: I was going to suggest you borrow
15 mine, but they are probably not good.

16 MR. CHADWICK: Isn't justice blind, Your Honor?
17 The 12th? Is that available?

18 THE COURT: That's fine. January the 12th. In
19 some courts justice is sneaking a peak underneath the
20 blindfold. She's not blind. Merely blindfolded.

21 MS. LAPLANT: Would you like to change our
22 proposed order?

23 MR. CHADWICK: Can I see the proposed order first?
24 Thank you. We still need to get a date for the --

25 MS. LAPLANT: Yes, we still need --

26 THE COURT: I want to thank you both very much.

27 MR. CHADWICK: Thank you. I guess this doesn't
28 really affect anything. We've got a hearing date. It just

1 says that the other has to be conducted first.

2 THE COURT: And I am sure we'll have a continued
3 dialogue.

4 (Whereupon, the proceedings were adjourned.)

5 ---oOo---

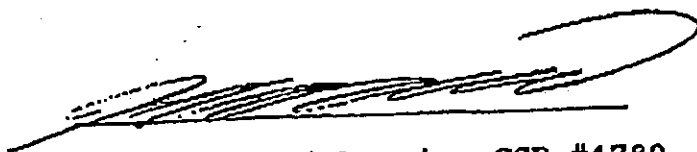
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REPORTER'S CERTIFICATE

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I, Joseph Hayden Vickstein, an official reporter of the Superior Court of the State of California, in and for the City and County of San Francisco, do hereby certify:

That the foregoing transcript, as reduced to transcript by computer under my direction and control to the best of my ability, is a full, true and correct computer transcription of the shorthand notes taken as such reporter of the proceedings in the above-entitled matter.



Joseph Hayden Vickstein, CSR #4780

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EXHIBIT B

COPY

[EXECUTION COPY]

LANDMARK SETTLEMENT AGREEMENT

This Landmark Settlement Agreement (the "Agreement") is entered into, effective on the ___ day of November, 1997 (fourteen days after entry of an order approving this Agreement (the "Approval Order") by the U.S. Bankruptcy Court for the Northern District of Illinois (the "Bankruptcy Court"), by and between (i) Landmark Education Corporation ("Landmark"), a California for-profit corporation, (ii) the Board of Directors of the Cult Awareness Network, Inc. ("CAN" or "Debtor"), a California not-for-profit corporation, (iii) Philip V. Martino (the "Trustee"), solely in his capacity as Court appointed Chapter 7 trustee for Debtor, and (iv) Free Minds of North Texas, a Texas not-for-profit corporation (formerly known as Cult Awareness Network of North Texas) and William Rehling (co-defendants in the Landmark Litigation).

WITNESSETH

WHEREAS on October 11, 1995 (the "Petition Date") CAN voluntarily filed for chapter 11 bankruptcy protection under the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.* (the "Code");

WHEREAS the Debtor voluntarily converted its Chapter 11 bankruptcy case to a Chapter 7 bankruptcy case on or about June 20, 1996, which bankruptcy case (the "Bankruptcy Case") is pending in the Bankruptcy Court;

WHEREAS Landmark is currently engaged in litigation with CAN and others in the Circuit Court of Cook County, Illinois, case captioned *Landmark Education Corp. v. Cult Awareness Network, Inc. et al.*, No. 94 L 11478 (the "Landmark Litigation");

WHEREAS Landmark has previously caused to be filed a proof of claim in the Bankruptcy Case in the amount of \$25,000,000 (the "Landmark Claim"), on account of the Landmark Litigation;

WHEREAS on March 14, 1997, the Bankruptcy Court entered an Order (the "Abandonment Order") authorizing and directing the Trustee to abandon all of the books, records, files, correspondence, notes and all other materials of whatever kind or nature (whether printed, on computer format, or otherwise) currently owned, stored or maintained by the Debtor;

WHEREAS the Abandonment Order is currently stayed pending appeal to the United States District Court for the Northern District of Illinois, case captioned *Landmark Education Corp. v. Philip V. Martino, Chapter 7 Trustee of Cult Awareness Network*, No. 97 C 2432 (the "Abandonment Litigation");

WHEREAS it is the intent of the Parties that: (i) the Landmark Litigation and Claim and (ii) the Abandonment Litigation, be resolved on the terms and conditions as contained in this Agreement.

NOW THEREFORE, subject to the entry by the Bankruptcy Court of the Approval Order in form and substance as set forth in *Section II.3* hereof, and in consideration of the mutual promises, covenants and other consideration, the sufficiency of which is hereby acknowledged, the Parties hereby agree, stipulate and covenant as follows:

Upon the "Effective Date" (as defined in *Section II.2* hereof) of the Approval Order by the Bankruptcy Court the following shall occur and come into full force and effect:

I. **SETTLEMENT OF THE LANDMARK LITIGATION AND LANDMARK CLAIM**

1. (a) As used herein, "Landmark" includes "Landmark Education Corporation" and "The Landmark Forum."
 - (b) This Agreement is binding on Landmark and CAN and their respective successors and assigns.
 - (c) At this time, CAN has no affiliates or licensees.
 - (d) The Board of Directors of CAN agrees to adopt the resolution ("Resolution") attached as Exhibit A hereto, effective November __, 1997 (fourteen days after approval of this Agreement by the Bankruptcy Court).
 - (e) The Resolution and this Agreement only address programs of the corporation named "Landmark Education Corporation" and its wholly-owned subsidiaries Landmark Education International, Inc. and Landmark Education Business Development, Inc., all of which began operations after February 1, 1991.
2. The Landmark Forum four-page form for registrants (the "Form"), copyrighted by Landmark in 1996, which Landmark represents has been in continuous use since 1991, includes a CONFIDENTIALITY AGREEMENT, a NOTICE and INFORMED CONSENT.
 - (a) The CONFIDENTIALITY AGREEMENT includes the statement, to be signed by the registrant: "I understand that The Landmark Forum is a private and personal experience for each participant. As such, I agree to respect the confidentiality of all participants and their remarks and actions, and I agree to keep all such information private and confidential."

- (b) The NOTICE includes the following statements: "Through a series of philosophically rigorous, open discussions, voluntary sharing of one's own experiences, and short exercises, The Landmark Forum provides an opportunity to explore basic questions that have been of concern to human beings throughout time. In The Landmark Forum, people come to grips with what it means to be human ... as a rigorous inquiry. Although most people find inquiring into these basic questions to be engaging, challenging and rewarding, some may find this to be difficult and unsettling. As with any serious undertaking in life, and to achieve the maximum value from The Landmark Forum, you should take the time now to determine whether or not you are physically, mentally and emotionally prepared to engage rigorously in these kinds of questions. The Landmark Forum (the "Program") is an educational program. It is not therapeutic in design, intent, or methodology and is not a substitute for medical treatment, psychotherapy, or any health program, regardless of what you may have heard from anyone. [W]e advise you specifically that the Program Leaders ... are not health professionals ... and that no health professionals will be in attendance at the Program."
- (c) The INFORMED CONSENT includes the statement: "I represent that I am participating in the Program voluntarily and not as a result of coercion, pressure, a condition of employment or to satisfy anyone other than myself. I am aware and understand that some persons may perceive the Program as physically or emotionally stressful. ... I know of no episodes in my past history which suggest to me that I have a mental or emotional disorder."
3. CAN and Landmark concur that prospective participants should read carefully and pay heed to Landmark's Form, including the NOTICE and INFORMED CONSENT provisions.
4. (a) Landmark represents that it seeks to make every effort to ensure that all registrants (A) participate voluntarily, and not as a result of outside requirements, pressure or deception and (B) are capable of deriving the benefits that Landmark seeks to provide.
- (b) Moreover, Landmark represents that it gives consideration to professional suggestions for improving Landmark's NOTICE and INFORMED CONSENT procedures (referenced in paragraph 3., above).
- (c) Landmark invites any member of the CAN Board to attend a Landmark Forum of his or her selection.
5. (a) For the future, CAN will not authorize, based upon facts as they exist as of the time of the Resolution, but will, to the contrary forbid, and will take action to stop any agent, employee, attorney, officer or director of CAN from making or

disseminating any statement on behalf of CAN, whether oral, written, electronic, internet or otherwise, or taking any other action on behalf of CAN which contradicts the agreed upon terms of the Resolution unless, and to the extent, if any, that new information about Landmark programs, of which CAN learns after the date of the Resolution, and of which CAN provides 30-days' notice to Landmark, justifies any such statement. Any such 30-day notice shall be given to Art Schreiber, Esquire, General Counsel, Landmark Education Corporation, 353 Sacramento Street, Suite 200, San Francisco, CA 94111, or such other address as Landmark furnishes.

- (b) If CAN decides to establish licensees or affiliates in the future, after its emergence from bankruptcy, CAN will also require them to adhere to this Agreement, including section 5(a), above, and the terms of the Resolution.
 - (c) If, after CAN's emergence from bankruptcy, the CAN office receives a telephonic, electronic-mail or written request for information regarding Landmark or the Landmark Forum, CAN represents, covenants and agrees to have CAN personnel follow the following policy and procedure: CAN will decline to discuss Landmark or the Landmark Forum. CAN will not refer to Landmark as a "cult" or "cult-like" or bring up such labels at all, unless specifically asked. If asked specifically, CAN will answer that CAN does not hold the position that Landmark is a cult or apply a controversial label such as "cult-like" to Landmark or the programs of Landmark. The only written material about Landmark that CAN will furnish in response to a telephonic, electronic or written request to the CAN office for information regarding Landmark or any of Landmark's programs will be to supply a copy of this Agreement together with the appended Resolution, or of the Resolution alone.
6. **Handling and destruction of CAN packets about Landmark or "est/FORUM."**
- (a) When and to the extent CAN reacquires control and possession of its files and records, it will not deliver to any individual or other entity or resume sale or distribution to the public of any of its past or present packets on Landmark and/or "est/FORUM".
 - (b) CAN and/or the Trustee will use their best efforts (if, to the extent and when they are legally free to do so), either before or after dismissal of the bankruptcy, to cause all known copies of such packets on Landmark or "est/FORUM" to be destroyed. They will cooperate, to the best of their ability, to carry out such destruction promptly at minimal or no cost to the estate.
7. **Dismissal of Landmark's Illinois complaint against CAN and one of its co-defendants.** Landmark will, immediately after the Effective Date defined in *Section II.3.*

- below, dismiss with prejudice its complaint against CAN, Free Minds of North Texas, William Rehling and Cult Information Service, Inc. in the Landmark Litigation.
8. **Withdrawal of Landmark's bankruptcy claim.** Upon approval of this Agreement by the Bankruptcy Court, Landmark will be deemed to have withdrawn its Claim from the Bankruptcy Case with prejudice, and agrees to seek the immediate dismissal of the Abandonment Litigation with prejudice.
 9. **Reciprocal releases.**
 - (a) Landmark and CAN, including their respective present or past attorneys, successors or assigns shall be deemed "Released Persons," and treated in accordance with *Section II.1* hereof.
 - (b) Subsection (a) will not apply to CAN's co-defendants in the Landmark Litigation except that Free Minds of North Texas and its present or past officers, directors, attorneys, successors or assigns and William Rehling shall also be deemed "Released Persons" and treated in accordance with *Section II.1* hereof as if named expressly therein.
 10. **Status of CAN.** CAN filed in bankruptcy under Chapter 11 on October 19, 1995. CAN converted to Chapter 7 on June 20, 1996, and immediately thereafter, the interim trustee closed CAN's office and CAN ceased its public operations. On November 21, 1996, the Bankruptcy Court authorized and confirmed the permanent Trustee's sale of CAN's name and federally-registered service marks for some but not all purposes, as well as some (but not all) of CAN's other assets. That November 21, 1996, order is on appeal, pending before the 7th Circuit. *CAN v. Martino* (No. 97-3002). Aspects of that order are also before the Bankruptcy Court pursuant to Federal Rule of Civil Procedure 60(b) and by way of clarification in relation to the Trustee's draft order submitted September 18, 1997, to dismiss the CAN bankruptcy. On February 7 and March 14, 1997, the Bankruptcy Court ordered the Trustee to abandon to the CAN Board of Directors all of the remaining tangible assets of CAN. (That Abandonment Order is on appeal in the Abandonment Litigation.) And the Trustee's draft dismissal order, filed September 18, 1997, also provides for delivering all such tangible assets to a designee of the CAN Board of Directors. As a corporate entity, CAN has never been dissolved. The CAN Board of Directors meets from time to time and has adopted resolutions, including resolutions for consideration by the Trustee and the Bankruptcy Court which the Trustee has noted. In the event the Bankruptcy Court dismisses the bankruptcy, the CAN Board of Directors will be free to resume management of all CAN's affairs. The CAN Board believes that it may either use the corporate name "Cult Awareness Network, Inc." or a changed name, if it so elects, for purposes of managing its affairs (whether or not CAN may also use its trade name and/or service marks for purposes of fundraising, newsletters, conferences or the like).

11. Trustee represents that this Agreement, upon approval by final Bankruptcy Court order, will bind CAN during the bankruptcy. CAN represents that this Agreement will bind CAN after the bankruptcy and that its Board has the authority to adopt and implement the Resolution.

II. OTHER PROVISIONS

1. The Trustee, on behalf of the Debtor and its estate, its attorneys, and all of the successors and assigns of the foregoing (together, the "Debtor Entities") and Landmark Education Corporation on behalf of itself, its agents and attorneys, and all of the successors and assigns of the foregoing (together, the "Landmark Entities") fully, finally and forever release and discharge the Parties and any and all of their respective attorneys, and all of the successors and assigns of the foregoing (together, the "Released Persons") from and against any and all actions, claims, causes of action, rights, suits, debts, controversies, accounts, defenses, bonds, bills, covenants, remedies, setoffs, crossclaims, counterclaims, third party claims, reimbursement claims, indemnity claims, contribution claims, judgments, damages, demands, charges, encumbrances, liabilities and obligations of any nature whatsoever, whether or not arising out of federal or state laws or regulations, statute, rules or common law, whether in contract, tort or otherwise, whether in law or equity, whether known or unknown, matured or unmatured, fixed or contingent, liquidated or unliquidated, disputed or undisputed, direct or indirect, choate or inchoate, including without limitation, claims for bad faith, consequential damages, gross negligence, punitive damages, exemplary damages, prejudgment interest and attorneys' fees (together, the "Claims"), if any, that the Debtor Entities or Landmark Entities may have, arising out of, based on, arising from or in any way related to anything whatsoever, except for those Claims pertaining to the obligations of the Released Persons under this Agreement.
2. The Approval Order shall provide, inter alia: (i) for the approval of and entry into force of this Agreement, and (ii) such other findings of fact, conclusions of law and relief as the Parties shall agree.
3. This Agreement shall become effective fourteen days after the entry and docketing by the Bankruptcy Court of the Approval Order without the Approval Order having been stayed, modified or otherwise vacated (the "Effective Date").
4. This Agreement: (i) shall be governed in accordance with the laws of the State of Illinois; (ii) represents the entirety of the agreement between the Parties hereto; and (iii) may be executed in counterparts, each of which when so executed shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

AGREED AND STIPULATED AS TO FORM AND SUBSTANCE:

LANDMARK EDUCATION CORPORATION

By: _____
Title: _____

CULT AWARENESS NETWORK, INC., the Debtor

By: _____
Title: _____

PHILIP V. MARTINO, Solely in His Capacity As Trustee for The Debtor,
Cult Awareness Network, Inc.

By: Philip V. Martino
Title: Trustee

Free Minds of North Texas, a Texas not-for-profit corporation (formerly known as Cult Awareness Network of North Texas), co-defendant in the Landmark Litigation, joins in and agrees to adhere to this Agreement, including section 5(a), above, and the terms of the Resolution.

By: _____
Title: _____

William Rehling, co-defendant in the Landmark Litigation, joins in and agrees to adhere to this Agreement, including section 5(a), above, and the terms of the Resolution.

LANDMARK EDUCATION CORPORATION

By: Arthur Scheiler
Title: CHAIRMAN OF BOARD OF DIRECTORS

CULT AWARENESS NETWORK, INC., the Debtor

By: _____
Title: _____

PHILIP V. MARTINO, Solely in His Capacity As Trustee for The Debtor,
Cult Awareness Network, Inc.

By: _____
Title: _____

Free Minds of North Texas, a Texas not-for-profit corporation (formerly known as Cult Awareness Network of North Texas), co-defendant in the Landmark Litigation, joins in and agrees to adhere to this Agreement, including section 5(a), above, and the terms of the Resolution.

By: _____
Title: _____

William Rehling, co-defendant in the Landmark Litigation, joins in and agrees to adhere to this Agreement, including section 5(a), above, and the terms of the Resolution.

LANDMARK EDUCATION CORPORATION

By: _____
Title: _____

CULT AWARENESS NETWORK, INC., the Debtor

By: William R. Rehling
Title: President

PHILIP V. MARTINO, Solely in His Capacity As Trustee for The Debtor,
Cult Awareness Network, Inc.

By: _____
Title: _____

Free Minds of North Texas, a Texas not-for-profit corporation (formerly known as Cult Awareness Network of North Texas), co-defendant in the Landmark Litigation, joins in and agrees to adhere to this Agreement, including section 5(a), above, and the terms of the Resolution.

By: _____
Title: _____

William Rehling, co-defendant in the Landmark Litigation, joins in and agrees to adhere to this Agreement, including section 5(a), above, and the terms of the Resolution.

William R. Rehling

LANDMARK EDUCATION CORPORATION

By: _____
Title: _____

CULT AWARENESS NETWORK, INC., the Debtor

By: _____
Title: _____

PHILIP V. MARTINO, Solely in His Capacity As Trustee for The Debtor,
Cult Awareness Network, Inc.

By: _____
Title: _____

Free Minds of North Texas, a Texas not-for-profit corporation (formerly known as Cult Awareness Network of North Texas), co-defendant in the Landmark Litigation, joins in and agrees to adhere to this Agreement, including section 5(a), above, and the terms of the Resolution.

By: Hope H. Evans
Title: President

William Rehling, co-defendant in the Landmark Litigation, joins in and agrees to adhere to this Agreement, including section 5(a), above, and the terms of the Resolution.

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EXHIBIT C

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS

Landmark

v.

Free Minds

NO. 94 L 11478

ORDER

THIS CAUSE COMING BEFORE THE COURT FOR STATUS, THE COURT HAVING BEEN ADVISED THAT ALL CLAIMS AGAINST FREE MINDS OF NORTH TEXAS HAVE BEEN SETTLED;

IT IS HEREBY ORDERED THAT ALL CLAIMS AGAINST FREE MINDS OF NORTH TEXAS ARE DISMISSED WITH PREJUDICE AND THE CASE AGAINST FREE MINDS OF NORTH TEXAS IS DISMISSED WITH PREJUDICE.

JUDGE MICHAEL J. HOGAN
DEC 12 1997
Circuit Court-247

Atty No. 31795
Name B. Williams/Bates Meckler
Attorney for Free Minds of North Tex
Address 311 S. Wacker, Ste 8300
City/Zip Chgo, IL 60606
Telephone 312/474-7900

_____, 19____
ENTER:

Judge Judge's No.

AURELIA PUCINSKI, CLERK OF THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS

LANDMARK EDUCATION CORP.
PLAINTIFF

NO. 94L11478

CULT AWARENESS NETWORK,
ET. AL.
DEFENDANTS

ORDER

THIS MATTER COMING TO BE HEARD ON PLAINTIFFS MOTION TO DISMISS CULT AWARENESS NETWORK, INC. AND WILLIAM REHLING INDIVIDUALLY AND AS AGENT AND CHAIRMAN AND DIRECTOR OF THE CULT AWARENESS NETWORK) ONLY WITH PREJUDICE, THE COURT BEING ADVISED IT IS HEREBY ORDERED:

CULT AWARENESS NETWORK, INC. AND WILLIAM REHLING (INDIVIDUALLY AND AS AGENT AND CHAIRMAN AND DIRECTOR OF THE CULT AWARENESS NETWORK) ARE HEREBY DISMISSED WITH PREJUDICE, EACH PARTY TO BEAR ITS OWN COSTS. THIS ACTION REMAINS PENDING AGAINST ALL OTHER DEFENDANTS

Atty No. 70064
Name HETTER & RADKE
Attorney for PLAINTIFF
Address 333 W. WACKER
City CHICAGO
Telephone 312-444-9292

ENTER:

JUDGE MICHAEL J. HOGAN

DEC 23 1997

Judge's No. Circuit Court-247



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