

1. The Goldman, Sachs & Co. Investor Education Fund Account in this action (“Investor Education Fund Account”) and the Investor Education Fund, and any grants awarded from the Investor Education Fund, shall not be used:

(a) to benefit, directly or indirectly:

(i) beyond any payments authorized by the Court, the Chairman, Executive Director, Board of Directors, and employees of the Investor Education Entity (described below), any other person involved in the review or approval of applications for grants from the Investor Education Fund; any entity that employs such a person, any entity that has contributed to the Investor Education Fund, or any entity affiliated with any such contributor;

(ii) Defendant, its predecessors, successors, or their subsidiaries, affiliates, present or former officers, directors, or their employees, agents, assigns, members of their immediate households, or those persons in active concert or participation with them, through subrogation or otherwise;

(iii) any person who has been convicted of a crime substantially related to any act or practice, or the types of acts or practices, identified in the Complaint;

(iv) any person who has been enjoined by a court or sanctioned by the Commission or any other regulatory authority for any act or practice, or the types of acts or practices, identified in the Complaint; or

(v) any person named as a defendant in a pending federal criminal or civil enforcement action for any act or practice, or the types of acts or practices, identified in the Complaint;

(b) to promote, directly or indirectly, the products or services of any single firm or entity; provided, however, that monies from the Investor Education Fund Account and

the Investor Education Fund may in the first instance be directed exclusively to the Investor Education Entity for use and disposition in accordance with the Final Judgment and this Order;

(c) for any unlawful or unethical purpose; or

(d) for any non-educational purpose.

2. Monies in the Investor Education Fund may also be used to pay any taxes on income earned by such Fund. The Investor Education Fund Account and Fund are intended to be “qualified settlement funds” pursuant to Section 468B(g) of the Internal Revenue Code and regulations thereunder. The Executive Director of the Investor Education Entity is designated the administrator of such Account and Fund as defined in and for the purpose of Treas. Reg. § 1.468B-2(k)(3)(i), and shall satisfy the administrative requirements imposed by Treas. Reg. § 1.468B-2 by, e.g., (1) obtaining a taxpayer identification number; (2) timely filing applicable federal, state, and local tax returns and paying taxes reported thereon; and (3) satisfying any information reporting or withholding requirements imposed on distributions from such Account or Fund. Defendant shall provide the Executive Director of the Investor Education Entity with relevant information and otherwise cooperate with him in fulfilling such Account’s or Fund’s obligations under Treas. Reg. § 1.468B-2.

B. The Investor Education Plan.

1. As soon as is practicable, but in no event more than ninety (90) days after entry of this Order, the Commission shall submit a proposed Investor Education Plan to the Court for its consideration and approval.

2. The Investor Education Plan shall describe a non-profit grant administration organization (the “Investor Education Entity”) to fund worthy and cost-efficient programs designed to equip investors with the knowledge and skills necessary to make informed

investment decisions. Subject to the Court's approval, there shall be a single Investor Education Entity with respect to this action and the Related Actions, and the Investor Education Entity shall administer a single Investor Education Fund. Pending further order of the Court, the Investor Education Fund Account in this action shall be separate from the Investor Education Fund Accounts established in the Related Actions.

3. The Investor Education Plan shall state the means by which Defendant shall make all remaining installment payments required by the Final Judgment; may authorize, if not previously authorized or ordered by the Court, the transfer of the funds in the Investor Education Fund Accounts in this action and in the Related Actions to one or more interest-bearing accounts opened and maintained by the Investor Education Entity; shall include all provisions necessary to implement the Investor Education Plan; and shall be consistent in all respects with the terms of the Final Judgment and this Order.

4. The Investor Education Plan may provide for the Investor Education Entity to remain in existence for an indeterminate period. In such case, the Investor Education Plan shall contain provisions for the cessation of the Court's oversight of the Investor Education Entity as soon as practicable after Defendant's payment of the last of the Federal Investor Education Payments and in a manner consistent with the purposes of the Final Judgment and this Order.

5. The Investor Education Plan shall provide for audit procedures sufficient to ensure that the expenditures and activities of the Investor Education Entity are consistent with the Final Judgment, this Order, and any further applicable orders of the Court.

6. The Executive Director of the Investor Education Entity shall promptly begin to implement the Investor Education Plan (including establishing the tax exempt organization) after the Plan has been approved by the Court.

C. The Investor Education Entity.

1. The Investor Education Entity described in the Investor Education Plan shall be organized as a tax exempt organization pursuant to Section 501(c) of the Internal Revenue Code and will be structured so that it can receive additional money from sources other than the Federal Investor Education Payments. It may be incorporated and located in any state or the District of Columbia. The Investor Education Entity shall have a Board of Directors in accordance with the law of the jurisdiction in which the Entity is incorporated. The Board will define the vision and mission of the Entity and will make all funding decisions on individual grants. The Entity will also have an Executive Director, who shall be responsible for the day-to-day operations of the Entity and shall have the responsibilities, powers, and rights described below.

2. As soon as is practicable, the Court shall appoint a Chairman of the Board of Directors and an Executive Director of the Investor Education Entity, both of whom the Commission shall recommend. The Commission shall recommend at least three candidates for Executive Director. The Investor Education Plan shall contain provisions regarding the selection of the remaining members of the Board of Directors.

3. All fees, costs, and expenses incurred by the Investor Education Entity, including all fees, costs, and expenses incurred by the Chairman of the Board of Directors, the Board of Directors, and the Executive Director in connection with and incidental to the performance of their duties under the Final Judgment or this Order, as well as the fees, costs, and expenses of any persons engaged to assist them and all administrative fees, costs, and expenses related to the Investor Education Plan described below, shall be paid out of the Investor Education Fund in this Action and/or the Related Actions.

D. Responsibilities, Powers and Rights of the Executive Director.

1. The Executive Director shall:

(a) be responsible for the day-to-day operations of the Investor Education Entity in accordance with the Final Judgment and this Order, the Investor Education Plan, and further orders of the Court;

(b) distribute monies from the Investor Education Fund pursuant to the Investor Education Plan or as otherwise authorized or ordered by the Court;

(c) file all required tax returns on behalf of the Investor Education Fund;

(d) commencing ninety (90) days after entry of this Order and continuing through the period that the Court has oversight over the Investor Education Fund, submit quarterly reports to the Court and the Commission providing detailed information on the progress of the implementation of the Investor Education Fund (including a description of all grant applications received and all grants approved), fees and expenses incurred, and other matters relevant to the status of the Investor Education Fund; after the Investor Education Fund is no longer subject to the Court's oversight, the Executive Director shall continue to submit quarterly reports containing such information to the Commission, and such reports shall be available to the public; and

(e) commencing ninety (90) days after entry of this Order and continuing through the period that the Court has oversight over the Investor Education Fund, file with the Court on a quarterly basis, with copies to the Commission staff, applications for payment of all fees and expenses described in Section C.3 above that were incurred during the quarterly period. At least thirty (30) days before making each such application to the Court, the Executive Director shall submit the application to the Commission staff, and the Commission may advise the Court

whether it has any objection. Upon approval of any such application by the Court, the Clerk of the Court or the Executive Director, as the case may be, shall authorize payment of the fees and expenses. After the Investor Education Fund is no longer subject to the Court's oversight, the quarterly reports described in Section D.1.d above shall contain detailed information concerning all fees and expenses incurred by the Fund.

2. The Executive Director shall have all appropriate powers and authority to perform his duties as set forth in the Final Judgment and this Order, including, without limitation, the following powers:

(a) to retain and engage such personnel as he deems necessary, including, without limitation, legal counsel, relevant experts, and other personnel to assist in the administration of the Investor Education Plan and the operation of the Investor Education Entity; and

(b) to delegate to such persons such duties as he deems appropriate.

3. The Executive Director, his agents, attorneys and all persons acting on his behalf shall be held harmless against liabilities, claims and demands, whether civil, administrative, or investigative arising from or relating to any act or omission to act in the course of performing his duties, except and to the extent that it is found that such person acted criminally, or in bad faith, or with gross negligence, or with reckless disregard of his duties, or in a manner that he knew was contrary to the terms of the Final Judgment or this Order.

4. Defendant shall indemnify, defend, and hold harmless the Executive Director, his agents, and his attorneys from and against liabilities, claims, and demands, whether civil, administrative, or investigative, judgments, fines, and amounts paid in settlement, and costs and expenses (including attorneys' fees), arising from or relating to any act or omission to act in the

course of performing his duties, except and to the extent that the Court finds that such person acted criminally, or in bad faith, or with gross negligence, or with reckless disregard of his duties, or in a manner that he knew was contrary to the terms of the Final Judgment or this Order. Defendant's obligation under this paragraph shall continue only until the amount expended in connection with the Investor Education Fund exceeds the total of all Federal Investor Education Payments in the Related Actions. For purposes of this paragraph, the Investor Education Fund shall use the first in, first out method of accounting such that all expenditures from the Investor Education Fund will be deemed to come from the Federal Investor Education Payments in the Related Actions and not from other sources, until the Federal Investor Education Payments have been exhausted.

5. While the Investor Education Fund is subject to Court oversight, the Court may remove the Chairman of the Board, the Executive Director, or any Board member *sua sponte* or, for good cause shown, upon application of the Commission. If the Chairman, the Executive Director, or any Board member decides to resign, he shall first give sixty (60) days written notice to the Commission and the Court of his intention. Such resignation shall not become effective until the Court has appointed a successor. If any such person is removed by the Court, becomes incapacitated due to illness or death, is otherwise unable to serve, or resigns, the Court shall appoint a successor. In the case of the Chairman, such person shall be recommended by the Commission; in the case of the Executive Director or a Board member other than the Chairman, such person shall be recommended by the remaining members of the Board of Directors of the Investor Education Entity following at least thirty (30) days' notice to the Commission.

6. The Investor Education Entity, including the Executive Director, is entitled to rely on all rules of law and court orders, and shall not be liable to anyone for its own good faith compliance with any order, rule, law, judgment, or decree. Nor shall it be liable by virtue of its compliance with the orders of this Court. In no event shall it be liable to Defendant for its good faith compliance with its duties and responsibilities under the Final Judgment or this Order.

7. The Chairman, Executive Director, other members of the Board of Directors, any firm with which any such person is affiliated or of which he is a member, and any person engaged to assist the Executive Director in the performance of his duties under the Final Judgment or this Order shall not, without the Commission's prior written consent, enter into any employment, consulting, or attorney-client relationship with Defendant, or any of its present or former parents, subsidiaries, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of one year from the completion of his engagement.

E. Stay of Proceedings. For the purposes of implementing and effectuating the Final Judgment and this Order, and upon a finding hereby made that a stay of any proceedings against the Chairman, Executive Director, and other members of the Board of Directors in their official capacities, the Investor Education Fund Account, the Investor Education Fund, and the Investor Education Entity during the pendency or the existence of such Fund Account, Fund, and Entity is necessary to effectuate the Final Judgment and this Order, all creditors or claimants of Defendant, and other persons acting on behalf of such creditors, claimants, or other persons, including sheriffs, marshals, other officers, deputies, servants, agents, employees, and attorneys, be and the same hereby are restrained and enjoined during the pendency or the existence of the Investor Education Fund Account, Investor Education Fund, and Investor Education Entity from:

(1) commencing, prosecuting, continuing, or enforcing any suit or proceeding against the Chairman, Executive Director, and other members of the Board of Directors in their official capacities or the Investor Education Fund Account, Investor Education Fund, or Investor Education Entity; (2) using self-help or executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin, execution, or other process for the purpose of impounding or taking possession of or interfering with or creating or enforcing a lien upon any monies or property, wheresoever situated, owned by or in the possession of or to be transferred to the Investor Education Fund Account, Fund, or Entity or the Chairman, Executive Director, or other members of the Board of Directors in their official capacities pursuant to the Final Judgment or this Order; and/or (3) doing any act or thing whatsoever to interfere with the taking control, possession, or management by the Executive Director, in his official capacity, of the monies that are or may be transferred to the Investor Education Fund Account, Fund, or Entity, or in any way to interfere with or harass said Chairman, Executive Director, or other members of the Board of Directors in their official capacities, or to interfere in any manner with the exclusive jurisdiction of this Court over the Investor Education Fund Account, Fund, and Entity. The provisions of this Section E of this Order shall be in addition to, not in lieu of, the provisions of Section IX.C of the Final Judgment.

SO ORDERED.

Dated: New York, New York
October 31, 2003

WILLIAM H. PAULEY III
UNITED STATES DISTRICT JUDGE