

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

**UNITED STATES OF AMERICA,** )  
  **Plaintiff,** )  
  ) )  
  **v.** )  
  ) )  
**803 CAPITOL STREET,** )  
**VALLEJO, CALIFORNIA,** )  
**94590, et al.,** )  
  **Defendants.** )  
\_\_\_\_\_ )

**Civil Action No. 06-1710 (JR)**

**PARTIAL SETTLEMENT AGREEMENT**

Plaintiff, the United States of America, by its undersigned attorneys, claimants Deborah Jeane Palfrey's Estate (the "Palfrey Estate") and Blanche Palfrey, by their attorney, Mr. Preston Burton, Esq., and The Innocence Project, Inc., by its attorney(s) (collectively "the Parties"), hereby notify this Court in which the above-referenced action is pending, that the stated parties have assented to terms of a Settlement Agreement ("Agreement") that will dispose, in part, of some of the property seized and subjected to forfeiture, and resolve a potential claim against certain of the defendant assets, sued for forfeiture in civil forfeiture action 06-cv-1710 (JR), in the District of Columbia.

**WHEREAS**, Plaintiff seized assets controlled by Deborah Jeane Palfrey which it alleged were subject to forfeiture under federal law;

**WHEREAS**, Plaintiff thereafter instituted a civil forfeiture action in the United States District Court in Washington, D.C., captioned United States v. 803 Capitol Street, etc., et al., No. 06-cv-1710 (JR), against such seized property (the "defendant properties");

**WHEREAS**, Ms. Deborah Jeane Palfrey, and after her demise, the Estate of Deborah Jeane Palfrey (the "Palfrey Estate"), and Ms. Blanche Palfrey acting on behalf of the Estate of Deborah Jeane Palfrey, have filed claims in this case ("claimants") and have asserted, *inter alia*, that certain

of the seized properties are not subject to forfeiture;

*WHEREAS*, The Innocence Project, Inc., is the sole beneficiary of a Trust established by Ms. Deborah Jeane Palfrey on or about September 27, 1999;

*WHEREAS*, The Innocence Project, Inc., considers that it may have claims against the Palfrey Estate and/or against certain of the defendant properties, the resolution of which has hindered the Palfrey Estate's ability to resolve this matter; and

*WHEREAS*, the parties desire to enter into this Agreement in order to resolve all existing and potential liability that might exist with regard to The Innocence Project, Inc., the defendant properties, and claimants, and thereby avoid the expense of litigation, the parties therefore agree and stipulate as follows:

**Payment to The Innocence Project, Inc.:**

1. The United States consents to entry of a Court Order directing an agency of the United States to release to The Innocence Project, Inc., by check made payable to "The Innocence Project, Inc." or electronic funds transfer, a total of \$89,000.00. The Innocence Project, Inc., understands that it will assume full responsibility for any and all tax consequences of receipt of this payment.

**The Innocence Project, Inc.'s Consent to Release of All Claims Against: (1) the Defendant Properties, (2) All Palfrey Estate Assets and Blanche Palfrey ("the Palfrey parties")**

2. The Innocence Project, Inc., agrees not to contest any resolution of the remaining defendant properties as may occur. The Innocence Project, Inc., further agrees to release, settle, cancel, discharge and acknowledge to be fully satisfied, any and all claims, liens, demands, obligations, rights and causes of action of whatever kind, nature or description whatsoever, whether

known or unknown, suspected or unsuspected, reported or unreported, which it might have against:

- (a) the assets currently subject to forfeiture in this matter;
- (b) the Estate of Deborah Jeane Palfrey;
- (c) Blanche Palfrey both individually and in her capacity as Executor of the Estate of Deborah Jeane Palfrey (including, with respect to the Palfrey parties, their Executors or Administrators and any successors, assigns, agents, or attorneys acting on their behalf); and,
- (d) any other property or asset formerly owned or controlled by Deborah Jeane Palfrey which is potentially subject to the Trust she established on or about September 27, 1999,

now or hereafter, arising out of, or by reason of, or in any manner connected with the allegations set forth in this case, 06-cv-1710 (JR) (D.D.C.), in the related and now abated Criminal Action, United States v. Deborah Jeane Palfrey, Case No. 1:07-cr-0046 (JR) (D.D.C.), or giving rise to such actions, and not to assert, or if asserted to withdraw, claims or challenges in this forfeiture action, 06-cv-1710 (JR) (D.D.C.), and claims or challenges in any court and concerning properties acquired by Deborah Jeane Palfrey, including, but not limited to, Case No. P43192, pending in Solano County, California, and case number 2008-CP-001782-O, pending in Orange County, Florida.

3. In recognition of the \$89,000 payment pursuant to this agreement, The Innocence Project, Inc., as sole beneficiary of the Trust, will instruct any Trustee or successor to forego any claims against any other property formerly owned or controlled by Deborah Jeane Palfrey, any claims against the Estate of Deborah Jeane Palfrey, and any claims against Blanche Palfrey, both individually and in her capacity as the Executor of the Estate of Deborah Jeane Palfrey. The Innocence Project, Inc., further hereby agrees to indemnify, defend, and hold the Palfrey parties harmless from and against any and all liability, damages, losses, or expenses, including reasonable

attorneys' and accountants' fees howsoever arising by reason of any and all claims made by any Trustee or successor in interest of the Deborah Jean Palfrey Trust, including payment of taxes, interest, and penalties, if any (all the foregoing, collectively, "Damages"), to the extent The Innocence Project, Inc., could have prevented such Damages by means of any reasonable action requested in advance by the Palfrey parties.

**General Provisions**

4. This Agreement shall not constitute an admission of liability or fault on the part of the Parties or their past or present agents, employees, representatives, or officers. The Parties enter into this Agreement solely for the purpose of compromising potential claims and avoiding the expenses and risks of litigation.

5. The Parties agree that each shall bear its own court costs, legal expenses, and attorney's fees incurred in relation to this litigation and related to the facts underlying it.

6. Each of the Parties to this Agreement has participated in the drafting and negotiation of this Agreement. For all purposes, this Agreement shall be deemed to have been drafted jointly by the Parties.

7. Each of the Parties to this Agreement has carefully read this Agreement and, after consultation with their respective legal counsel, as applicable, the Parties to this Agreement fully understand this Agreement and sign it as a voluntary act.

8. The persons signing this Agreement represent and warrant by their signatures that they have authority to sign this Agreement on behalf of the individuals or entities for whom they are purporting to sign.

9. It is contemplated that this Agreement may be executed in several counterparts. This

Agreement may be executed on facsimile copies and in counterparts, each of which shall be provided to counsel for the United States. Facsimiles of signatures, should they be provided to the United States, shall constitute acceptable, binding signatures for purposes of this Agreement. Upon its receipt of executed counterpart signature pages, the United States may treat the executed counterparts as one merged document that the United States may execute, and may then file, along with a consistent proposed order, electronically with the Court.

10. No term or provision of this Agreement may be varied, changed, modified, waived, or terminated, except by an instrument in writing signed by the party against whom the enforcement of such alteration is sought.

11. This Agreement shall be governed and construed by the laws of the District of Columbia.

\* \* \*

**WHEREFORE**, as set forth in the eleven (11) enumerated paragraphs above, the Parties to this Partial Settlement Agreement stipulate that this civil forfeiture action should be resolved, in part, and fully as to The Innocence Project, Inc., as set forth herein, and the parties request the Court to enter an order approving this Partial Settlement Agreement and authorizing the disbursement agreed to herein.

PARTIAL SETTLEMENT AGREEMENT ACCEPTED AND ORDER REQUESTED:

**1. For Plaintiff (the United States) in District of DC Action 06-cv-1710 (JR):**

Date: \_\_\_\_\_, 2009

/s/ Channing Phillips

CHANNING PHILLIPS, D.C. Bar No. 415793  
UNITED STATES ATTORNEY, acting

/s/ Deborah L. Connor

DEBORAH L. CONNOR, D.C. Bar No. # 452414  
Assistant United States Attorney

/s/ Barry Wiegand

BARRY WIEGAND, D.C. Bar No. 424288  
Assistant United States Attorney  
Criminal Division, Asset Forfeiture Unit  
555 Fourth Street, N.W., Fourth Floor  
Washington, D.C. 20530  
(202) 307-0299  
[William.B.Wiegand@USDoJ.Gov](mailto:William.B.Wiegand@USDoJ.Gov)

**2. For claimants Deborah Jeane Palfrey's Estate and Blanche Palfrey (the Palfrey parties):**

Date: \_\_\_\_\_, 2009

/s/ Preston Burton

PRESTON BURTON, D.C. Bar No. 426378  
Orrick, Herrington & Sutcliffe LLP  
Columbia Center  
1152 15th Street, N.W.  
Washington, DC 20005-1706

**3. For The Innocence Project, Inc.:**

Date: \_\_\_\_\_, 2009

/s/ B.J. Rosen

B.J. ROSEN  
Cravath, Swaine & Moore LLP  
Worldwide Plaza  
825 Eighth Avenue  
New York, New York 10019  
(212) 474-1780

Copies bearing the individual signatures of the persons listed above are in plaintiff's possession.

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

**UNITED STATES OF AMERICA,** )  
  **Plaintiff,** )  
  ) )  
  **v.** ) )  
  ) )  
**803 CAPITOL STREET,** ) )  
**VALLEJO, CALIFORNIA,** ) )  
**94590, et al.,** ) )  
  **Defendants.** ) )  
\_\_\_\_\_ )

**Civil Action No. 06-1710 (JR)**

**ORDER APPROVING PARTIAL SETTLEMENT AGREEMENT  
AND AUTHORIZING DISBURSEMENT**

On October 3, 2006, a Verified Complaint For Forfeiture *In Rem* was filed by plaintiff, the United States of America. Plaintiff filed an Amended Verified Complaint on November 22, 2006, seeking to forfeit various defendant properties, including: real property, funds, and precious metal coins. Plaintiff sought to enforce the provisions of 18 U.S.C. § 981(a)(1)(A), which provides for the forfeiture of any property involved in a transaction or attempted transaction in violation of 18. U.S.C. §§ 1956 and 1960, or any property traceable to such property. Plaintiff also sought to enforce the provisions of 18. U.S.C. § 981(a)(1)(C), which provides for the forfeiture of property which constitutes or is derived from proceeds traceable to a violation of any offense constituting “specified unlawful activity” or a conspiracy to commit such offense.

It appearing:

That the Amended Complaint alleges a proper basis for forfeiture;

That on about November 19, 2006, claimant Deborah Jeane Palfrey filed a verified claim to the defendant properties, which claim is now maintained by her Estate;

That on about June 12, 2008, claimant Blanche Palfrey filed a verified claim to the defendant

properties;

That no other person has submitted a claim with respect to the defendant properties within the time permitted by 18 U.S.C. § 983(a)(4)(a) and Rule G of the Supplemental Rules For Admiralty Or Maritime Claims And Asset Forfeiture Actions;

That on [DATE], plaintiff, claimants, and a third party, The Innocence Project, Inc., settled certain of the contested issues among them, and submitted to the Court a written Partial Settlement Agreement, in which the parties requested the Court to approve and accept the Partial Settlement Agreement and to issue an Order Approving Partial Settlement And Disbursement;

That, pursuant to the terms of the Settlement Agreement, the parties (plaintiff, claimants, and The Innocence Project, Inc., through counsel) have agreed, *inter alia*, that:

1. The United States consents to entry of a Court Order directing the United States to pay to The Innocence Project, Inc., by check made payable to the "The Innocence Project, Inc.," or by electronic funds transfer, a total of \$89,000.00;

2. The Innocence Project, Inc., agrees not to contest any resolution of the remaining defendant properties as may occur. The Innocence Project, Inc., further agrees to release, settle, cancel, discharge and acknowledge to be fully satisfied, any and all claims, liens, demands, obligations, rights and causes of action of whatever kind, nature or description whatsoever, whether known or unknown, suspected or unsuspected, reported or unreported, which it might have against:

(a) the assets currently subject to forfeiture in this matter;

(b) the Estate of Deborah Jeane Palfrey;

(c) Blanche Palfrey both individually and in her capacity as Executor of the Estate of Deborah Jeane Palfrey (including, with respect to the Palfrey parties, their Executors or Administrators and any successors, assigns, agents, or attorneys acting on their behalf); and,

(d) any other property or asset formerly owned or controlled by Deborah Jeane Palfrey which is potentially subject to the Trust she established on or about September 27, 1999,

now or hereafter, arising out of, or by reason of, or in any manner connected with the allegations set forth in this case, 06-cv-1710 (JR) (D.D.C.), in the related and now abated Criminal Action, United States v. Deborah Jeane Palfrey, Case No. 1:07-cr-0046 (JR) (D.D.C.), or giving rise to such actions, and not to assert, or if asserted to withdraw, claims or challenges in this forfeiture action, 06-cv-1710 (JR) (D.D.C.), and claims or challenges in any court and concerning properties acquired by Deborah Jeane Palfrey, including, but not limited to, Case No. P43192, pending in Solano County, California, and case number 2008-CP-001782-O, pending in Orange County, Florida.

3. The parties agree that each shall bear its own court costs, legal expenses and attorney's fees incurred in relation to this litigation and related to the facts underlying it.

Now, therefore, on the filing by the parties of a Partial Settlement Agreement, which the Court hereby approves, and upon the request of the parties for the issuance of an Order Approving Partial Settlement Agreement And Authorizing Disbursement, it is hereby

**ORDERED**, that from the fund into which has been deposited funds from the sale of the assets constituting the defendant properties, the United States shall pay to The Innocence Project, Inc., by check made payable to the "The Innocence Project, Inc.," or by electronic funds transfer, a total of \$89,000.00; and it is further

ORDERED, that the Clerk is hereby directed to send three (4) certified copies of this Order to plaintiff's counsel of record.

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JAMES ROBERTSON  
UNITED STATES DISTRICT JUDGE

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Date