

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

KARL W. KRUG, on behalf of himself and all
those similarly situated,

Plaintiffs,

v.

FORSTER, GARBUS & GARBUS, a New Jersey
partnership, and GLENN S. GARBUS, an
individual,

Defendants.

Civil Action No. 2:10-cv-1844 (DRD/MAS)

**NOTICE
OF PROPOSED SETTLEMENT OF CLASS
ACTION WITH FORSTER, GARBUS & GARBUS,
OF FINAL APPROVAL HEARING TO CONSIDER
THE PROPOSED SETTLEMENT, AND OF YOUR
RIGHTS CONCERNING THE PROPOSED
SETTLEMENT**

THIS NOTICE IS SENT TO YOU BECAUSE IT APPEARS FROM THE RECORDS OF FORSTER, GARBUS & GARBUS ("FG&G") THAT YOU WERE NAMED AS A DEFENDANT IN A COMPLAINT SERVED UPON YOU IN WHICH THE COMPLAINT NAMED ARROW FINANCIAL SERVICES, LLC AS THE PLAINTIFF AND WAS FILED BY FG&G IN THE SUPERIOR COURT OF NEW JERSEY, LAW DIVISION, SPECIAL CIVIL PART, CUMBERLAND COUNTY AT ANY TIME BETWEEN APRIL 11, 2009 AND MARCH 1, 2011. PLEASE READ THIS NOTICE CAREFULLY.

THIS CLASS ACTION AND PROPOSED SETTLEMENT MAY AFFECT YOUR RIGHTS.

I. WHY SHOULD YOU READ THIS NOTICE?

Your rights may be affected by a proposed settlement with Defendant in the class action lawsuit known as Karl W. Krug, on behalf of himself and all those similarly situated, Plaintiff v. Forster, Garbus & Garbus, a New Jersey partnership,

and Glenn S. Garbus, an individual, Defendants, Civil Action No. 2:10-cv-1844 (DRD/MAS) (the "Lawsuit") pending in the United States District Court, District of New Jersey (the "Court").

The Court directed this Notice be sent to you because you have a right to know about a proposed settlement, and about all of your options, before the Court decides whether to approve the settlement. This package explains the lawsuit, the Settlement, your legal rights, and what benefits are available.

The Representative Plaintiff, Karl W. Krug, has agreed to settle all claims with Defendant in the Lawsuit in exchange for the establishment of a Submitted Claim Fund to be distributed to the Class Members. The Court has scheduled a hearing to consider the fairness, reasonableness and adequacy of the proposed settlement with Defendant, together with certain other matters, be held on Monday, January 9th, 2012 at 11:00 a.m./p.m., before the Honorable Michael A. Shipp, U.S.M.J., at the United States District Court, District of New Jersey, Martin Luther King, Jr. Federal Building & U.S. Courthouse, 50 Walnut Street, Newark, New Jersey 07102 (the "Final Approval Hearing"). Please note that the Court may adjourn the Final Approval Hearing without further written notice to putative Class Members.

You may be a Class Member who would be entitled to receive the benefits of the proposed settlement. As a Class Member, however, you will also be bound by the release and other provisions of the Settlement if it is approved by the Court. You may elect to Opt Out of the Class and the Settlement, as explained below. You also have a right to object to the settlement or to the application for attorney's fees and the Representative Plaintiff's payment that Class Counsel intends to make to the Court, but only if you comply with the procedures described in this Notice. **BECAUSE YOUR RIGHT TO PURSUE CERTAIN TYPES OF CLAIMS AGAINST DEFENDANT MAY BE AFFECTED BY THE SETTLEMENT, YOU SHOULD READ THIS NOTICE CAREFULLY.**

II. WHAT IS THIS LITIGATION ABOUT?

This case was filed by Representative Plaintiff Karl W. Krug. This Representative Plaintiff, on behalf of himself and on behalf of all individuals similarly situated, filed this litigation against Defendant and asserted claims pursuant to the federal Fair Debt Collection Practices Act, 15 U.S.C. 1692 *et seq.* ("FDCPA"), specifically asserting that during the Class Period Defendant filed complaints without meaningful attorney involvement regardless whether such claim arises under international, federal, state or local treaty, constitution, statute, regulation or common law (the "Class Claims"). Defendant denies that the Representative Plaintiff's claims have any merit and contends that it complied with the FDCPA at all times. If you would like to receive further information about the claims asserted in the Lawsuit, a copy of the Amended Complaint, Answer, the Motion for Preliminary Approval (including a copy of the Settlement Agreement), and a copy of the Court's Order concerning Preliminary Approval are available for free on the web-site of the Court appointed Class Counsel: <http://www.philipstern.com/Class Actions.html>.

III. WHAT ARE THE TERMS OF THE PROPOSED SETTLEMENT?

In a Settlement Agreement and General Release dated March 9, 2011 (the "Agreement"), the Representative Plaintiff agreed to settle all claims that were or could have been asserted against Defendant in exchange for certain monetary consideration. The terms of the Agreement are summarized in this notice, but a copy of the entire Agreement will be sent to you upon request either to Class Counsel or Defendant's Counsel, all of whom are identified below.

A. The Settlement Class

The proposed settlement with Defendant will be on behalf of the following Persons (collectively, the "Class" and each member of the Class a "Class Member"), which has been conditionally certified for settlement purposes:

All Persons named as a defendant in a complaint served upon that person in which the complaint named Arrow Financial Services, LLC as the plaintiff and was filed by Defendant in the Superior Court of New Jersey, Law Division, Special Civil Part, Cumberland County at any time during the April 11, 2009 through March 1, 2011 time period. The Class expressly excludes all Persons who, in accordance with the terms of this Agreement, execute a timely request for exclusion ("Opt Out") from the Class.

B. The Settlement Consideration

If the Court approves the Settlement, the Agreement provides for monetary and other benefits to be provided to Class Members.

C. The Submitted Claim Fund and Class Benefit.

As part of the Settlement, Defendant has agreed to contribute a total amount of \$5,000 from which payments will be made to Class Members within thirty (30) days after the Effective Date of the Agreement. Class Counsel shall divide the \$5,000 into equal, pro rata shares based on the number of Class Members who have not executed a timely request for exclusion ("Opt Out") from the Class in the manner provided in the Agreement and this Notice. Class Counsel shall round down to the whole dollar. As the Class consists of no more than 260 members, the distribution to individual Class Members will be no less than \$19.00 for each Class Member. Any funds remaining from uncashed and undeliverable checks together with the funds resulting from rounding down will be paid to the South Jersey Legal Services with instructions to be used for projects in or for the benefit of Cumberland County and its indigent residents.

The amount of \$5,000 represents a significant benefit to the Class. Under the FDCPA, the maximum award to the Class is the lesser of \$500,000 or 1% of FG&G's net worth. Based upon confidential information provided by Defendant, \$5,000 is well in excess of 1% of FG&G's net worth. Consequently, the settlement will result in a class recovery greater than could have been recovered had this Lawsuit been litigated.

D. The Release And Dismissal With Prejudice

Upon final approval of the Settlement, the Lawsuit will be dismissed with prejudice as to Defendant. In addition, Defendant will receive a release and discharge from the Class (which would not include those who timely elect to Opt Out of the Class and Settlement, as discussed below). Unless you properly and timely elect to Opt Out, as discussed below, none of these claims may be asserted in any other lawsuit and your only remedies will be those set forth in the Agreement. Because the Release is a critical element of the proposed settlement, it has been included here verbatim. You should read this section very carefully because it will affect your rights if you remain in the Settlement Class.

7. Release, Covenant Not To Sue, Bar Order And Dismissal With Prejudice

7.1 Upon the Effective Date, the Representative Plaintiff and all Class Members, including their respective current and former officers, directors, employees, attorneys, heirs, executors, administrators, agents, legal representatives, professional corporations, partnerships, assigns and successors to the extent their claims are derived from the claims of Class Members (collectively, the "Releasing Parties"), shall forever release and discharge all claims, including any and all claims, rights, and liabilities of any nature, including but not limited to, actions, claims, demands, causes of action, obligations, damages, debts, charges, attorneys' fees, costs, arbitrations, forfeitures, judgments, indebtedness, liens and losses of any whatever kind, source or character whether arising out of federal or state law (including but not limited to the FDCPA), whether known or unknown, whether asserted or unasserted, whether asserted by any Releasing Party on its own behalf or on behalf of any other person or entity, arising on or before March 1, 2011, whether in contract, express or implied, tort, at law or in equity or arising under or by virtue of any statute or regulation (including but not limited to the FDCPA), by reason of, arising out of, or in any way related to any of the facts, acts, events, transactions, occurrences, courses of conduct, business practices, representations, omissions, circumstances or other matters, or addressed in this Agreement, whether any such claim was or could have been asserted by any Releasing Party on its own behalf or on behalf of other Persons (the "Released Claims"), against Defendants and any of its former, present, and future assigns, predecessors, successors, affiliates, parent companies, subsidiaries, controlled companies, employees, officers, directors, principals and agents (collectively, the "Released Parties"). Notwithstanding anything in the foregoing to the contrary, with respect to the Class Members, the Released Claims are limited to the Class Claims.

7.2 The Releasing Parties and each of them agree and covenant not to sue or cooperate in the filing or prosecution of any suit or proceeding, in any forum based upon or related to any Released Claims against any Released Party. Notwithstanding any other provision of this Agreement, nothing in this Agreement shall limit or preclude the Releasing Parties' rights to enforce any provision of this Agreement.

7.3 The Parties intend that this Agreement eliminate all further risk and liability of the Released Parties relating to the Released Claims, and accordingly

agree that the Court shall include in the Final Order and Judgment a Bar Order Provision as follows:

The Releasing Parties are permanently enjoined from: (i) filing, commencing, prosecuting, intervening in, participating in or receiving any benefits from any lawsuit, arbitration, administrative or regulatory proceeding or order in any jurisdiction based on any or all Released Claims against one or more Released Parties; (ii) instituting, organizing class members in, joining with class members in, amending a pleading in or soliciting the participation of class members in, any action or arbitration, including but not limited to a purported class action, in any jurisdiction against one or more Released Parties based on, involving, or incorporating, directly or indirectly, any or all Released Claims; and (iii) filing, commencing, prosecuting, intervening in, participating in or receiving any benefits from any lawsuit, arbitration, administrative or regulatory proceeding or order in any jurisdiction based on an allegation that an action of the Released Parties, which is in compliance with the provisions of the Agreement, violates any right of any Class Member.

All persons who are, have been, could be, or could have been alleged to be joint tortfeasors, co-tortfeasors, co-conspirators, or co-obligors with any or all of the Released Parties respecting any or all of the Released Claims, are hereby, to the maximum extent permitted by law, barred and permanently enjoined from making, instituting, commencing, prosecuting, participating in or continuing any claim, claim-over, cross-claim, action, or proceeding, however denominated, regardless of the allegations, facts, law, theories or principles on which they are based, in this Court or in any other court or tribunal, against any or all of the Released Parties with respect to any or all of the Released Claims, including without limitation equitable, partial, comparative, or complete contribution, set-off, indemnity, or otherwise, whether by contract, common law or statute, arising out of or relating in any way to the Released Claims. All such claims are hereby fully and finally barred, released, extinguished, discharged, satisfied and made

unenforceable to the maximum extent permitted by law, and no such claim may be commenced, maintained, or prosecuted against any Released Party.

IV. WHAT WILL HAPPEN AT THE FINAL APPROVAL HEARING?

The Final Approval Hearing will be held on the date and at the location listed above. However, the Order scheduling that Hearing also provides that it may be adjourned by the Court and that no additional notice will be provided to potential members of the Class other than announcement in open court.

At the Final Approval Hearing, the Court will consider several issues.

First, the Court will consider whether the proposed settlement with Defendant that is reflected in the Agreement is fair, reasonable and adequate to the members of the Class.

Second, the Court will consider whether it should certify the Settlement Class pursuant to Fed. R. Civ. P. 23. Among other things, this will require the Court to determine (i) whether the Class is so numerous so as to make joinder of all individual members impracticable; (ii) whether questions of law or fact common to the members of the Settlement Class predominate over questions affecting only individual members of the Class; (iii) whether the claims of the Representative Plaintiff are typical of the claims of the Class; and (iv) whether the Representative Plaintiff and Class Counsel can adequately represent the interests of the Class. Although the Court has preliminarily certified a Settlement Class, potential members of the Class who timely elect to Opt Out by following the procedures described below will be excluded from the Class.

Third, the Court will consider the application for a payment of a stipend to the Representative Plaintiff, to be paid by Defendant, which stipend is discussed in more detail below.

Fourth, the Court will consider an application by Class Counsel for attorneys' fees, costs and expenses, also discussed in more detail below, to be paid by Defendant.

V. MAY I PARTICIPATE IN THE FINAL APPROVAL HEARING?

If you do not elect to Opt Out, you may object to the final approval of the proposed settlement with Defendant, the application for payment to Representative Plaintiff, the application for payment to Class Counsel or other matters to be considered at the Final Approval Hearing and you may appear and present such objections. To be permitted to object to the proposed settlement, however, you must, on or before Monday, December 12th, 2011, comply fully with the following requirements:

- File with the Court a personally signed notice of your intention to appear

(or a notice of intention signed by an authorized representative) together with a statement setting forth your objections to the matters to be considered and the basis for those objections, together with any documentation that you intend to rely upon at the Final Approval Hearing; and

- Serve copies of all such materials either by hand-delivery or by First-Class mail, postage-prepaid, upon the following counsel: (i) Class Counsel – Philip D. Stern, Esq., Philip D. Stern & Associates, LLC, 697 Valley Street, Suite 2d, Maplewood, New Jersey 07040; and (ii) Defendant's Counsel – Gregg S. Kahn, Esq., Wilson, Elser, Moskowitz, Edelman & Dicker LLP, 33 Washington Street, Newark, New Jersey 07102.
- If the Representative Plaintiff or Defendant file any response to your filing, you may supplement your filing by 60 days before the first scheduled date for the Final Approval Hearing. Any supplemental filing must be served in the manner and upon the counsel described above.

If you do not comply with the foregoing procedure and deadlines for submitting written objections and/or appearing at the Final Approval Hearing, you may lose substantial legal rights, including, but not limited to: (i) the right to appear and be heard at the Final Approval Hearing; (ii) the right to contest approval of the proposed settlement or the application for an award of attorneys' fees, costs and expenses to Class Counsel; (iii) the right to contest approval of the application for an incentive award to Representative Plaintiff; and (iv) the right to contest any other Orders or Judgments of the Court entered in connection with the proposed settlement.

If the Court does not approve the proposed settlement, the Agreement will be null and void. If there are further actions taken in the litigation that affect your rights, you will receive such notice, if any, as may be determined by the Court.

VI. WHAT IF I WANT TO BE PART OF THE SETTLEMENT?

As discussed above, the proposed settlement provides a settlement payment to Class Members from the Submitted Claims Fund upon court approval without any further action by the Class Member.

Class Members are bound by all proceedings, orders, and judgments entered in connection with the proposed Settlement and the Settlement Agreement, including the release, covenant not to sue, and dismissal with prejudice described above.

VII. WHAT IF I DO NOT WANT TO BE PART OF THE SETTLEMENT?

If you do not want to be a member of the Class and participate in the proposed settlement, then **BY NO LATER THAN** Tuesday, December 27th, 2011, you must send an individually signed statement that you want to opt out or be excluded

from the settlement, which includes your name, home address and your Social Security number to Class Counsel, whose name and address is listed above.

TO BE CONSIDERED TIMELY AND TO EFFECTIVELY OPT OUT OF THE SETTLEMENT, YOUR COMPLETED AND INDIVIDUALLY SIGNED OPT OUT NOTICE MUST BE POSTMARKED BY NO LATER THAN Tuesday, December 27th, 2011. IF IT IS NOT POSTMARKED BY THAT DATE, YOUR RIGHT TO OPT OUT WILL BE DEEMED WAIVED AND YOU WILL BE BOUND BY ALL ORDERS AND JUDGMENTS ENTERED IN CONNECTION WITH THE SETTLEMENT.

If you choose to Opt Out of the settlement and the Class, you will not be entitled to receive the benefits of the proposed settlement with Defendant, including any payment from the Submitted Claim Fund specified in the Agreement. Your claims against Defendant will not be released and you will be free to pursue any claims you believe you have by filing a separate action.

Any Class Member who timely submits a request to Opt Out will have until the date immediately before the Final Approval Hearing to deliver to Class Counsel a written revocation of the request to Opt Out and shall thereby become a Class Member.

VIII. WHAT ABOUT ATTORNEYS' FEES, COSTS AND EXPENSES?

If the Court approves the proposed settlement, Class Counsel will apply to the Court for an award of attorneys' fees, including costs and expenses. In the Agreement, Defendant agreed not to oppose such an application in the aggregate amount of up to \$27,500. Representative Plaintiff and FG&G have also stipulated that \$27,500 is fair and reasonable for Class Counsel's fees and expenses. If the Court awards Representative Plaintiffs' attorneys' fees, costs and expenses in an amount no greater than that amount, Defendant will pay the amount awarded by the Court to Class Counsel. This payment is in addition to the consideration to the Class Members that is described above and will not reduce in any respect the amount available to the Class Members if the proposed settlement is approved.

IX. WHAT IS THE REPRESENTATIVE PLAINTIFF'S FEE?

In addition to the application for attorneys' fees, costs and expenses described in the preceding section, in connection with the Court's consideration of the proposed settlement, the Representative Plaintiff intends to seek a stipend from the Court in the amount of One Thousand Five Hundred Dollars (\$1,500) which, if awarded, would be separate than the settlement consideration that will be available to Class Members generally. The stipend is for significant work done by the Representative Plaintiff on behalf of the Class throughout this litigation. In the Agreement, Defendant agreed not to oppose such an application of up to One Thousand Five Hundred Dollars (\$1,500) for the Representative Plaintiff in the Lawsuit. If the Court awards the Representative Plaintiff a

fee up to that amount, Defendant will pay such an amount to the Representative Plaintiff out of the Submitted Claim Fund. The payment of this amount to the Representative Plaintiff will not reduce in any respect the benefits of the settlement to the Class if the proposed settlement is approved. In addition, under the Agreement, FG&G has agreed to pay the Representative Plaintiff \$1,000 for his individual statutory damage claim under the FDCPA, which is the maximum he could recover under the FDCPA.

X. WHOM CAN I CONTACT WITH QUESTIONS?

If you have questions regarding this Notice, the proposed settlement, the Agreement, or the Lawsuit generally, you can obtain additional information from the following sources:

By Telephone: (973) 379-7500 (telephone number of Class Counsel); or (973) 624-0800 (telephone number of Defendant's Counsel)

By Mail: Philip D. Stern, Esq., Philip D. Stern & Associates, LLC,
697 Valley Street, Suite 2d, Maplewood, New Jersey 07040
(Class Counsel); or Gregg S. Kahn, Esq., Wilson, Elser,
Moskowitz, Edelman & Dicker LLP, 33 Washington Street,
Newark, New Jersey 07102 (Defendant's Counsel)

PLEASE DO NOT CALL THE COURT, THE CLERK'S OFFICE OF THE UNITED STATES DISTRICT COURT, OR DEFENDANT.

XI. EXAMINATION OF PAPERS

This notice is a summary and does not describe the details of the settlement, the Agreement, or the proceedings in the Lawsuit generally. Complete copies of the Agreement and certain pleadings and papers filed in the Lawsuit are available for free on the web site of the Court-appointed Class Counsel: <http://www.philipstern.com/ClassActions.html>.

In addition, you may review the complete files of papers submitted in this Lawsuit at the office of the Clerk of the United States District Court, Newark, New Jersey, during regular business hours.

XII. REQUEST TO FORWARD THIS NOTICE

If you are a Class Member described above in this Notice but you have assigned any claim that might be covered by the proposed settlement or the Release described above, please forward this Notice to the appropriate person as soon as possible.

Dated: October 19th, 2011

BY ORDER OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY