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15  
 16 UNITED STATES DISTRICT COURT  
 17 NORTHERN DISTRICT OF CALIFORNIA  
 18 SAN FRANCISCO DIVISION

19 IN RE CHARLES SCHWAB CORP.  
 20 SECURITIES LITIGATION

No. 08-cv-01510 WHA

21 THIS DOCUMENT RELATES TO:

22 All Actions

23 ~~PROPOSED~~ ORDER  
 24 PRELIMINARILY APPROVING  
 CALIFORNIA CLASS SETTLEMENT  
 AND PROVIDING FOR NOTICE

25 EXHIBIT A

26 Date Action Filed: March 18, 2008

27  
 28 ~~PROPOSED~~ ORDER PRELIMINARILY APPROVING  
 SETTLEMENT & PROVIDING FOR NOTICE - 08-cv-01510 WHA

1           WHEREAS, a consolidated class action is pending before the Court entitled *In re Charles*  
2 *Schwab Corporation Securities Litigation*, No. C 08-01510 WHA (the “California Section 17200  
3 Litigation”);

4           WHEREAS, the Court has received the Unopposed Motion for Preliminary Approval of the  
5 California Class Settlement and Stipulation of Settlement dated May 14, 2010 (the “Stipulation”),  
6 that has been entered into by the California Class Representative Plaintiff and Defendants, and the  
7 Court has reviewed the Stipulation and its attached Exhibits;

8           WHEREAS, the California Class Representative having made an Unopposed Motion for  
9 Preliminary Approval of the Settlement, pursuant to Federal Rule of Civil Procedure 23(e), for an  
10 order preliminarily approving the settlement of this California Section 17200 Litigation , in  
11 accordance with the Stipulation which, together with the Exhibits annexed thereto sets forth the  
12 terms and conditions for a proposed settlement of the California Section 17200 Litigation and for  
13 dismissal of the California Section 17200 Litigation with prejudice upon the terms and conditions  
14 set forth therein; and the Court having read and considered the Stipulation and the Exhibits  
15 annexed thereto; and

16           WHEREAS all defined terms contained herein shall have the same meanings as set forth in  
17 the Stipulation;

18           NOW, THEREFORE, IT IS HEREBY ORDERED:

19           1.       The Court does hereby preliminarily approve the Stipulation and the settlement set  
20 forth therein, subject to further consideration at the Settlement Hearing described below.

21           2.       A hearing (the “Settlement Hearing”) shall be held before this Court on September  
22 22, 2010, at 3:30 p.m., at the United States Courthouse, 450 Golden Gate Avenue, San Francisco,  
23 California, to determine whether the proposed settlement of the California Section 17200 Litigation  
24 on the terms and conditions provided for in the Stipulation is fair, reasonable and adequate to the  
25 California Class and should be approved by the Court; whether a Judgment as provided in ¶ 1.11 of  
26 the Stipulation should be entered herein; whether the proposed Plan of Allocation should be  
27 approved; and to determine the amount of fees and expenses that should be awarded to Lead  
28

1 Counsel. The Court may adjourn the Settlement Hearing without further notice to California Class  
2 Members.

3 3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, the Court previously  
4 certified, and confirms the following class: all persons or entities who resided in California and  
5 held shares in the Fund on September 1, 2006. The California Class excludes Defendants,  
6 members of their immediate families and their legal representatives, heirs, successors or assigns  
7 and any entity in which Defendants have or had a controlling interest. Also excluded from the  
8 California Class are those Persons identified in Exhibit C to the Stipulation who timely and validly  
9 requested exclusion from the California Class on or before December 28, 2009; and those Persons  
10 identified in Exhibit D to the Stipulation who (i) the Settling Parties have stipulated to allow to be  
11 excluded from the California Class, (ii) have arbitrated to decision any of the Released Claims  
12 against any of the Defendants or any of the Released Persons, and/or (iii) who previously settled  
13 any of the Released Claims with any of the Defendants or any of the Released Persons. Exhibits C  
14 and D may be corrected, amended, or supplemented before final approval of the Settlement.

15 4. The Court finds that the notice that has been given to date to the California Class  
16 and their Members met the requirements of Federal Rule of Civil Procedure 23 and due process,  
17 and was the best notice practicable under the circumstances and constituted due and sufficient  
18 notice to all Persons entitled thereto. No party is required to provide new or additional notice to  
19 the California Class, or any of their Members, except as required by this Order Preliminarily  
20 Approving California Class Settlement and Providing for Notice.

21 5. The Court approves, as to form and content, the Notice of Pendency and Proposed  
22 Settlement of California Class Action (the "Notice"), and Summary Notice for publication annexed  
23 as Exhibits A-1 and A-2 hereto, and finds that the mailing and distribution of the Notice and  
24 publishing of the Summary Notice meet the requirements of Federal Rule of Civil Procedure 23  
25 and due process, and is the best notice practicable under the circumstances and shall constitute due  
26 and sufficient notice to all Persons entitled thereto. In addition, the Settlement Administrator shall  
27 email the Notice to those California Class Members who have notified Schwab that they wish to  
28 receive regulatory filings by e-mail.

1           5.       Pursuant to Rule 53(c) of the Federal Rules of Civil Procedure, the Court appoints  
2 Gilardi & Co. LLC (“Settlement Administrator”) to supervise and administer the notice procedure  
3 as well as the distribution of the Settlement Fund and Net Settlement Fund as more fully set forth  
4 below:

5                   (a)       Not later than June 25, 2010 (the “Notice Date”), Lead Counsel shall cause a  
6 copy of the Notice, substantially in the form annexed as Exhibit A-1 hereto, to be mailed by first  
7 class mail to all California Class Members who can be identified with reasonable effort;

8                   (b)       Not later than June 25, 2010, Lead Counsel shall cause the Summary Notice  
9 to be published once in *Investor’s Business Daily*, and any other regional newspaper as is deemed  
10 appropriate; and

11                   (c)       Not later than June 25, 2010, the Settlement Administrator shall email the  
12 Notice to those California Class Members who have notified Schwab that they wish to receive  
13 regulatory filings by e-mail;

14                   (d)       At least seven (7) calendar days prior to the Settlement Hearing, Lead  
15 Counsel shall cause to be served on Defendants’ counsel and filed with the Court proof, by  
16 affidavit or declaration, of such mailing and publishing.

17                   (e)       With the mailed or emailed Notice, the Settlement Administrator shall send a  
18 Record of Fund Transactions and Estimate of Settlement Payment, pursuant to ¶ 4.3 of the  
19 Stipulation.

20                   (f)       Not later than July 25, 2010, Lead Counsel shall file with the Court papers in  
21 support of the Settlement and their request for an award of attorneys’ fees and expenses and post  
22 same on Lead Counsel’s website.

23                   (g)       Not later than September 15, 2010, Lead Counsel shall file with the Court  
24 reply papers in support of the Settlement and their request for an award of attorneys’ fees and  
25 expenses and post same on Lead Counsel’s website.

26           6.       Any Member of the California Class may appear at the Settlement Hearing and  
27 show cause, if he, she or it has any reason why the proposed settlement of the California Section  
28 17200 Litigation should or should not be approved as fair, reasonable and adequate, why a

1 judgment should or should not be entered thereon, or why attorneys' fees and expenses should or  
2 should not be awarded to Lead Counsel; provided, however, that no California Class Member or  
3 any other Person shall be heard or entitled to contest the approval of the terms and conditions of the  
4 proposed settlement, or, if approved, the Judgment to be entered thereon approving the same, or the  
5 order approving the Plan of Allocation, or the attorneys' fees and expenses to be awarded to Lead  
6 Counsel, unless that Person has delivered by hand or sent by first class mail written objections and  
7 copies of any papers and briefs such that they are received on or before August 24, 2010, by:  
8 Hagens Berman Sobol & Shapiro LLP, Steve W. Berman, 1301 Fifth Avenue, Suite 2900, Seattle,  
9 Washington 98101; and Morrison & Foerster LLP, Darryl P. Rains, 755 Page Mill Road, Palo Alto,  
10 California 94304, and filed said objections, papers and briefs with the Clerk of the United States  
11 District Court for the Northern District of California, on or before August 24, 2010. Any Member  
12 of the California Class who does not make his, her or its objection in the manner provided shall be  
13 deemed to have waived such objection and shall forever be foreclosed from making any objection  
14 to the fairness or adequacy of the proposed settlement as set forth in the Stipulation, to the Plan of  
15 Allocation, or to the award of attorneys' fees and expenses to Lead Counsel, unless otherwise  
16 ordered by the Court.

17 7. All funds held by the Escrow Agent shall be deemed and considered to be in  
18 *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time  
19 as such funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

20 8. Neither the Defendants nor their Related Parties shall have any responsibility for or  
21 liability with respect to the Plan of Allocation or any application for attorneys' fees or  
22 reimbursement of expenses submitted by Lead Counsel, and such matters will be considered  
23 separately from the fairness, reasonableness and adequacy of the settlement.

24 9. At or after the Settlement Hearing, the Court shall determine whether Settlement  
25 and any application for attorneys' fees or reimbursement of expenses shall be approved.

26 10. All reasonable expenses incurred in identifying and notifying California Class  
27 Members, as well as administering the Settlement Fund, shall be paid as set forth in the Stipulation.

28 In the event the settlement is not approved by the Court, or otherwise fails to become effective,

1 neither the California Class Representative nor Lead Counsel shall have any obligation to repay  
2 any amounts actually and properly disbursed from the Class Notice and Administration Fund.

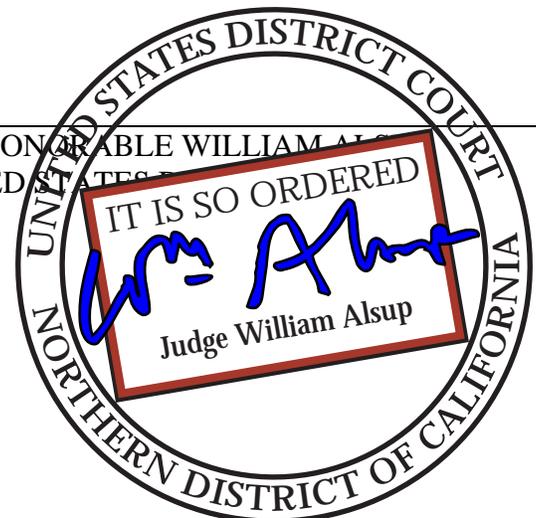
3 11. Neither the Stipulation, nor any of its terms or provisions, nor any of the  
4 negotiations or proceedings connected with it, shall be construed as an admission or concession by  
5 Defendants, their Related Parties, or the Released Persons of the truth of any of the allegations in  
6 the California Section 17200, or of any liability, fault, or wrongdoing of any kind and shall not be  
7 construed as, or deemed to be evidence of or an admission or concession that California Class  
8 Representative or any California Class Members have suffered any damages, harm, or loss.

9 12. In the event that the settlement does not become effective in accordance with the  
10 terms of the Stipulation or the Effective Date does not occur, or in the event that the Settlement  
11 Fund, or any portion thereof, is returned to the Defendants, then this Order shall be rendered null  
12 and void to the extent provided by and in accordance with the Stipulation and shall be vacated and,  
13 in such event, all orders entered and releases delivered in connection herewith shall be null and  
14 void to the extent provided by and in accordance with the Stipulation.

15 13. The Court reserves the right to adjourn the date of the Settlement Hearing without  
16 further notice to the Members of the California Class, and retains jurisdiction to consider all further  
17 applications arising out of or connected with the proposed Settlement. The Court may approve the  
18 settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate,  
19 without further notice to the California Class.

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21 DATED: May 26, 2010.

22 THE HONORABLE WILLIAM AL SUP  
23 UNITED STATES DISTRICT COURT  
24 NORTHERN DISTRICT OF CALIFORNIA



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Submitted by:  
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