

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SAM LIPSON, on behalf of himself and all others similarly situated,

Plaintiff,

-against-

MARTIN J. SIMON, SAUL ERDMAN, HERBERT V. FRIEDMAN,
HARVEY MASS, JOSEPH P. CIORCIARI, RALPH J. DRABKIN,
JOAN M. LOCASCIO, ANDREW W. ATTIVISSIMO, HARVEY S.
JACOBS, LOUIS V. SIRACUSANO, SEYMOUR D. USLAN, JOEL I.
DOLLINGER, ALLAN R. GOODMAN, RAYMOND BRANCACCIO,
LOUIS GOTTLIEB and McGLADREY & PULLEN, LLP,

Defendants.

Civil Action No
CV 98-4573 (TCP)

**NOTICE OF PENDENCY OF CLASS ACTION,
PROPOSED SETTLEMENT AND SETTLEMENT HEARING**

TO: THOSE PERSONS WHO PURCHASED COMMON STOCK OF FIRST CENTRAL FINANCIAL CORPORATION (“FCFC”) DURING THE PERIOD JULY 6, 1995 THROUGH AND INCLUDING SEPTEMBER 6, 1997 (THE “CLASS PERIOD”).

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY LEGAL PROCEEDINGS IN THIS LITIGATION. IF YOU ARE A CLASS MEMBER, YOU ULTIMATELY MAY BE ENTITLED TO RECEIVE BENEFITS PURSUANT TO THE PROPOSED PARTIAL SETTLEMENT DESCRIBED HEREIN. IF YOU WERE A NOMINEE FOR A PURCHASER OF FCFC COMMON STOCK DURING THE CLASS PERIOD, PLEASE TRANSMIT THIS DOCUMENT TO SUCH PURCHASER.

THE PARTIAL SETTLEMENT DESCRIBED IN THIS NOTICE IS SUBJECT TO COURT APPROVAL. THE COURT WILL NOT MAKE A RULING ON THE PROPOSED PARTIAL SETTLEMENT OR FEE APPLICATION UNTIL THE HEARING DESCRIBED BELOW.

This Notice is given, pursuant to an Order of the United States District Court for the Eastern District of New York (the “Court”) dated April 4, 2003, to inform you of the proposed partial settlement (the “Settlement”) of the above-captioned class action (the “Action”). A hearing will be held before the Honorable Thomas J. Platt in the United States Courthouse, 834 Federal Plaza, Central Islip, NY 11722 at 1:30 p.m. in Courtroom 1040 on July 7, 2003 (the “Settlement Hearing”), for the purpose of determining whether (1) the Settlement as embodied in a Stipulation of Settlement dated March 20, 2003 (the “Stipulation of Settlement”), a Settlement Agreement dated November 1, 2002 (the “Global Settlement Agreement”) and a Memorandum of Understanding dated as of June 28, 2002, as extended through May 31, 2003, submitted to the Court for *in camera* review (the “Memorandum of Understanding”) (collectively, the “Stipulation”) is fair, reasonable, and adequate and in the best interests of Class Members; (2) a final judgment should be entered dismissing the Action with prejudice as to the Individual Defendants¹ only and (3) a request by Plaintiff’s Counsel for an award of attorneys’ fees and reimbursement of costs and expenses should be granted.

I. NOTICE OF CLASS ACTION DETERMINATION

Pursuant to an Order of the Court, the Court certified a Class for purposes of the Settlement to consist of all purchasers of common stock of FCFC during the period July 6, 1995 through and including September 6, 1997, excluding the Defendants, members of their immediate families, any entity in which any Defendant has a controlling interest, and the legal representatives or heirs, successors or assigns of any such excluded party. Thus, if you purchased shares of FCFC common stock during the period July 6, 1995 through and including September 6, 1997, and do not elect to be excluded from the Settlement as described below, you are a member of the “Class” (excluding those persons mentioned above) and may be eligible to participate in the Settlement described herein, and to receive monies if the Settlement is approved and you timely file a Proof of Claim form.

II. POTENTIAL RECOVERY

The Stipulation provides for the creation of a settlement fund in the amount of \$554,266.66 (the “Settlement Fund”) to be distributed to Class Members. Based upon the estimates of Plaintiff’s Counsel’s expert, assuming valid claims are submitted for every share purchased during the Class Period, the average distribution from this partial settlement will be \$0.145 per share before deduction of costs of notice and fees and expenses to be awarded by the Court. However, your actual recovery from the Settlement Fund will depend upon a number of other variables, including the number of shares you purchased, whether you sold your shares prior to September 6, 1997, for what amount you sold your shares, the timing of your purchases and sales, if any, and the number of claims submitted by other members of the Class.

The parties do not agree on the average amount of damages per share that would have been recoverable had the Plaintiff prevailed on the alleged claims. Indeed, the Individual Defendants believe that Plaintiff should recover no damages. The damage issues on which the parties disagree include: (1) the appropriate economic model for determining the amount by which FCFC common stock was allegedly inflated during the Class Period; (2) the amount by which FCFC common stock was allegedly inflated during the Class Period; (3) the effect of various market forces on the

¹ Martin J. Simon, Saul Erdman, Herbert V. Friedman, Harvey Mass, Joseph P. Ciorciari, Ralph J. Drabkin, Joan M. Locascio, Andrew W. Attivissimo, Harvey S. Jacobs, Louis V. Siracusano, Seymour D. Uslan, Joel I. Dollinger, Allan R. Goodman, Raymond Brancaccio and Louis Gottlieb.

trading price of FCFC common stock during the Class Period; (4) the extent to which the allegedly materially false or misleading statements affected the trading price of FCFC common stock during the Class Period; and (5) whether the alleged misstatements were material to purchasers of FCFC shares.

Plaintiff's Counsel have not received payment for their services in prosecuting this case, nor have they been reimbursed for their out-of-pocket expenses. If the Settlement is approved by the Court, Plaintiff's Counsel will apply to the Court for attorneys' fees and reimbursement of expenses to be paid from the Settlement Fund. If the amount requested by Plaintiff's Counsel is approved by the Court, the average cost per share of prosecuting this case, inclusive of notice to the Class and payment of counsel fees and expenses, would be approximately \$0.061 per share.

Plaintiff's Counsel are J. James Carriero, Esq., Law Offices of J. James Carriero, Esq., 29-53 Butler Street, East Elmhurst, NY 11369, JCarriero@CarrieroLaw.com, and David C. Harrison, Esq., Lowey Dannenberg Bemporad & Selinger, P.C., The Gateway – 11th Floor, One North Lexington Avenue, White Plains, NY 10601, DHarrison@ldbs.com. These firms are available to answer questions from members of the Class concerning any matter contained in this Notice.

III. BACKGROUND AND DESCRIPTION OF THE LITIGATION AND RELATED CASES

FCFC was a New York corporation located in Lynbrook, NY, and was the parent of First Central Insurance Company ("FCIC") and Mercury Adjustment Bureau, Inc. FCIC was a New York regulated insurance company which wrote multiple lines of property and casualty insurance that was a wholly-owned subsidiary of FCFC.

On or about September 6, 1997, the New York State Insurance Department ("NYSID") issued the Report on Examination of First Central Insurance Company which covered the fiscal years January 1, 1993 through December 31, 1996 (the "NYSID Report" or "Report"). Plaintiff contends that the Report revealed for the first time that FCIC's financial statements materially overstated FCIC's earnings and assets and that FCIC was insolvent as of December 31, 1996. The Report states that as of December 31, 1996, FCIC "was insolvent in the amount of \$3,606,211, its capital was impaired in the amount of \$5,606,211 and its required minimum surplus to policyholders was impaired in the amount of \$4,806,211". The Individual Defendants dispute the findings in the NYSID Report, as well as whether the NYSID Report was a final report.

On July 8, 1998, Sam Lipson ("Lipson" or "Plaintiff") filed this class action lawsuit, entitled Lipson vs. Martin J. Simon, et al., Civil Action No. CV 98-4573 in the United States District Court for the Eastern District of New York. The Action seeks damages on behalf of purchasers of FCFC common stock during the period July 6, 1995 through and including September 6, 1997. Named as defendants are FCFC's executive officers, who were defendants Simon (Chairman and President), Joel I. Dollinger (Executive Vice-President and Simon's son-in-law), Harvey Mass (Senior Vice-President), Joan M. Locascio (Treasurer, Vice-President and CFO), Raymond Brancaccio (Vice-President and Secretary) and Allan R. Goodman (Vice-President and Simon's son-in-law). Other director and officer defendants include Saul Erdman, Herbert V. Friedman, Joseph P. Ciorciari, Ralph J. Drabkin, Andrew W. Attivissimo, Harvey S. Jacobs, Louis V. Siracusano, Seymour D. Uslan and Louis Gottlieb. Also named is McGladrey & Pullen, LLP, FCFC's auditors.

The Action alleges that the Individual Defendants and McGladrey & Pullen, LLP violated Section 10(b) of the Securities Exchange Act of 1934, Securities and Exchange Commission Rule 10b-5, promulgated thereunder, and Section 20 of the Exchange Act, and committed common law fraud, by, *inter alia*, allegedly disseminating false financial statements, press releases and Securities & Exchange Commission ("SEC") filings concerning FCFC's publicly reported revenues, assets and earnings prior to and during the Class Period which allegedly artificially inflated the price of FCFC stock, that the Individual Defendants allegedly were aware, or were reckless in not knowing, that the financial statements were in violation of NYS law and General Accepted Accounting Principles ("GAAP"); and that the Individual Defendants allegedly were responsible for the dissemination of the false and misleading information.

In March 1998, FCFC filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court of the Eastern District of New York, File No. 198-12848-353. By Order dated April 30, 1998, FCFC's Chapter 11 case was converted to Chapter 7. As a result, FCFC was not named as a defendant in the Action.

Lipson filed and served a First Amended Complaint on January 14, 1999.

On June 18, 1999, Plaintiff was served with a temporary restraining order issued by the U. S. Bankruptcy Court, Eastern District of New York, Judge Feller. *Ochs v. Lipson, et al.*, Adv. Proc. No. 99-1281-353. In that proceeding, the Bankruptcy Trustee ("Trustee") sought a declaration that the proceeds of the directors' and officers' liability insurance policy purchased by FCFC was property of the bankruptcy estate, thereby giving the Trustee control over the insurance proceeds available to satisfy the Trustee's claims against the Individual Defendants for mismanagement alleged in a separate adversary proceeding, No. 99-1215608, to the detriment of Lipson and the Class. Lipson opposed the motion and the Bankruptcy Court denied the Trustee's request for injunctive relief and dismissed the Trustee's Complaint, 238 B. R. 9 (E.D.N.Y. 1999). The Trustee appealed. On March 2, 2000, Eastern District Court by Hon. Thomas C. Platt affirmed the Bankruptcy Court's dismissal of the Trustee's Complaint. No. CV 99-6730 (TCP) (E.D.N.Y. March 2, 2000).

On March 21, 2000, the Superintendent of the New York State Insurance Department, as Liquidator of FCIC, on behalf of FCIC's estate, filed an action in Nassau County Supreme Court against FCIC's former directors and officers, 11 of whom are also defendants in this case, also alleging breach of fiduciary duties by reason of waste and mismanagement.

The claims asserted in the Action, the Liquidator's action and the Trustee's action are all covered by a single officer and director liability policy issued by the Great American Insurance Company ("D&O Policy"). The D&O Policy covers the officers and directors of both FCFC and FCIC and provides an aggregate of \$2 million of coverage inclusive of defense costs. Although none of the actions are limited to recovery from the D&O Policy, there is no question that the D&O Policy is regarded by all plaintiffs as a significant potential source of payment of any judgment that may be rendered against the Individual Defendants.

The Individual Defendants and McGladrey & Pullen, LLP moved to dismiss the First Amended Complaint on the grounds that (1) Plaintiff's claims were barred by the applicable one-year statute of limitations, (2) the First Amended Complaint failed to meet the pleading requirements of Fed. R. Civ. P. 9(b) and of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), and (3) there was no independent basis for federal jurisdiction of the common law fraud claim.

After extensive briefing and oral argument, the Eastern District Court by Hon. Thomas C. Platt, by Memorandum Decision and Order dated March 15, 2001, denied the motions to dismiss the Action made by the Individual Defendants and McGladrey & Pullen, LLP.

Meanwhile, upon the recommendation of Bankruptcy Judge Carla E. Craig, the Trustee, the Liquidator, Class Counsel and counsel for the Individual Defendants engaged in mediation sessions from December 20, 2000 to January 12, 2001 before former Chief Bankruptcy Judge Tina Brozman. Plaintiff voluntarily participated in the mediation. Defendant McGladrey & Pullen, LLP did not participate in the mediation. In connection with the mediation, all counsel for all parties in this Action and in the related cases in Bankruptcy Court and in the Supreme Court of the State of New York, County of Nassau made submissions of the relevant pleadings, legal briefs, Court Orders and Decisions, and position papers evaluating their respective claims. Extensive negotiations were held. However, the mediation did not result in a settlement of this case or of any of

the Related Cases² at that time. Major stumbling blocks to resolving the cases was the fact that the claimed losses of the Class, the Trustee, and the Liquidator far exceeded the amount of available insurance coverage, and that no part of the insurance proceeds would be paid unless and until all claims in the Action and in the Related Cases were settled.

On or about April 20, 2001, the Individual Defendants served an Answer to the First Amended Complaint denying all allegations of liability, asserting affirmative defenses and demanding judgment on the merits dismissing the First Amended Complaint.

On July 31, 2001, Plaintiff submitted a motion for an order permitting the intervention of certain other stock purchasers as plaintiffs, appointing all plaintiffs as co-lead plaintiffs and their counsel as lead counsel and class certification. Class discovery was conducted during the period from August 2001 through January 2002.

In the meantime, counsel for the parties in the Action and in the Related Cases determined that discovery would proceed in a more orderly and efficient manner if discovery in all cases were coordinated. After extensive negotiation regarding the parameters for conducting document and deposition discovery in this Action and in the Related Cases, the parties entered into a Stipulation for the appointment of a Special Master to resolve discovery disputes and for the coordination of discovery. The Court “so ordered” the Stipulation and Order Appointing Special Master and Setting Coordinated Discovery Schedule on November 7, 2002. In connection with coordinated discovery, Plaintiff’s Counsel has reviewed thousands of pages of documents produced by the Individual Defendants and McGladrey & Pullen, LLP including public filings made by the Individual Defendants with the SEC, analyst reports, press releases, articles that appeared in the press relating to FCFC’s financial condition, minutes of director’s meetings and other documents produced in response to the Plaintiff’s discovery demands.

After briefing, the Class motion was made returnable on May 24, 2002. On the eve of the return date, Counsel for the Individual Defendants offered a proposed partial settlement. So that settlement negotiations could be pursued, the parties moved to withdraw the Class motion without prejudice. This motion was granted by Memorandum and Order dated May 24, 2002. Settlement negotiations, which included the Trustee and the Liquidator, were conducted over the course of the next six months. These negotiations involved not only reaching an agreement with the Individual Defendants regarding the amount of a settlement, but also an agreement with the Trustee and the Liquidator regarding a distribution of the settlement sum (embodied in the Memorandum of Understanding). The Global Settlement Agreement memorializes the parties’ agreement and is dated November 1, 2002.

The proposed Settlement is a partial settlement of the claims against the Individual Defendants only. The remaining defendant, McGladrey & Pullen, LLP, is not a party to the Settlement. Plaintiff and Proposed Intervenor Tolins are renewing their motion for Class certification and appointment as Class representatives in order to pursue the claims asserted in the First Amended Complaint against McGladrey & Pullen, LLP.

IV. DENIAL OF LIABILITY AND WRONGDOING BY SETTLING DEFENDANTS

The Individual Defendants have denied the material allegations in the First Amended Complaint and have denied any liability or wrongdoing whatsoever to Plaintiff or to the Class. The Individual Defendants believe that they did not commit the actions complained of or violate any securities laws and that the Class did not suffer any damages. The Individual Defendants also believe that they did not disseminate to the investing public any false and misleading financial statements or press releases concerning FCFC’s publicly reported revenues, assets and earnings, and that they made no materially misleading statements of the financial condition of FCFC’s wholly-owned subsidiary FCIC. Nevertheless, the Individual Defendants consider it desirable to settle the Class Action on the terms set forth in the Settlement.

V. PLAINTIFF’S INVESTIGATION AND DISCOVERY

Plaintiff and his counsel have made a lengthy investigation into the facts and the law relevant to the allegations made in the First Amended Complaint. The Plaintiff and his counsel have defended the rights of the Class against the competing claims of the Trustee and the Liquidator. They have evaluated the expenses and length of time necessary (a) to prosecute the Class Action through trial, taking into account the uncertainties of predicting the outcome of complex litigation such as this and subsequent inevitable appeals, and (b) to seek recovery against the personal income and assets of the Individual Defendants in the event a judgment were awarded in excess of the coverage afforded by the D&O Policy. They have also considered the NYSID Report, the defenses interposed by the Individual Defendants, the fact that there are substantial competing claims asserted by the Trustee and the Liquidator and that the Action will continue to be prosecuted against the non-settling Defendant McGladrey & Pullen, LLP. Based upon consideration of all of these factors, Plaintiff and his counsel have concluded that it is in the best interest of Plaintiff and the Class Members partially to settle the Action with the Individual Defendants as set forth in the Stipulation of Settlement, the Global Settlement Agreement and the Memorandum of Understanding, which Settlement will result in substantial and material benefits to the Class Members.

VI. SUMMARY OF SETTLEMENT TERMS AND PLAN OF ALLOCATION

The terms and conditions of the proposed Settlement are set forth in the Stipulation of Settlement, the Global Settlement Agreement and Memorandum of Understanding, which have been filed with the Court. The following is only a summary of the terms.

Subject to the terms and conditions of the Stipulation of Settlement and the Global Settlement Agreement, the Individual Defendants have agreed to pay \$1,800,000.00 into the Settlement Fund, in settlement of all claims which are or could have been asserted against them in the Action and the Related Cases. The \$1,800,000.00 Settlement amount will be paid partly by FCFC’s insurance carrier and partly by contributions from the Individual Defendants. Pursuant to the Memorandum of Understanding (reviewed by the Court *in camera* and approved by the Court), the share of the Settlement amount payable to the Class is \$554,266.66. The Class share of the Settlement Fund, minus the costs of notice to the Class, administration of the Settlement, any applicable taxes and related expenses, and the award of fees and expenses to Plaintiff’s Counsel, is referred to as the “Net Settlement Fund.” The Net Settlement Fund will be distributed to members of the Class who submit Proofs of Claim which have not been disallowed (“Authorized Claimants”) in accordance with the following Plan of Allocation.

The amount an Authorized Claimant may recover under the Plan of Allocation (the “Recognized Loss”) will be calculated as follows:

(a) For shares of FCFC common stock that were purchased during the Class Period and retained through the close of trading on September 6, 1997, the Recognized Loss per share is the difference between the price paid per share and \$0.375 (the value of FCFC as of the end of the Class Period);

(b) For shares of FCFC common stock that were purchased during the Class Period and sold before September 6, 1997, the Recognized Loss per share is the difference between the price paid per share and the price received. For Class Members who made multiple purchases or multiple sales of FCFC common stock during the Class Period, the earliest subsequent sale shall be matched first to holdings at the close of business on July 5, 1995, then to the earliest purchase in the Class Period and chronologically thereafter for purposes of calculating Recognized Loss.

² The adversary proceedings brought by the Trustee and the action filed by the Liquidator in the NYS Supreme Court are referred to as the “Related Cases”.

All profits shall be subtracted from all losses to determine the Net Recognized Loss of each Authorized Claimant.

Payments to Authorized Claimants shall be proportional based upon each Authorized Claimant's Recognized Loss as compared to the total amount of Recognized Losses of all Authorized Claimants.

The date of purchase or sale is the "contract" or "trade" date as distinguished from the "settlement" date.

For Class Members who made multiple purchases or multiple sales of FCFC common stock during the Class Period, the earliest subsequent sale shall be matched with the earliest purchase and chronologically thereafter for purposes of calculating Recognized Loss.

No payment will be made on any claims where the amount to be distributed is \$10.00 or less, but the Authorized Claimant will otherwise be bound by the final judgment entered by the Court.

Payment pursuant to the Plan of Allocation set forth above will be conclusive against all Authorized Claimants. No person shall have any claim against Plaintiff's Counsel, the Settlement Administrator or other agents designated by Plaintiff's Counsel, or any Individual Defendant or Individual Defendants' Counsel based on the distributions made substantially in accordance with the Stipulation of Settlement, the Global Settlement Agreement, the Memorandum of Understanding, the Plan of Allocation, or further orders of the Court. All Class Members who fail to complete and submit a valid and timely Proof of Claim will be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise will be bound by all of the terms of the Stipulation, including the terms of any judgment and release.

VII. ATTORNEYS' FEES

At the Settlement Hearing or at such later time as the Court may direct, Plaintiff's Counsel will apply to the Court for an award of attorneys' fees and reimbursement of expenses, payable on the date that the Court's Order approving the Settlement and awarding fees and expenses is final and not subject to appeal. Plaintiff's Counsel shall apply for attorneys' fees not exceeding 33.33% of the total of the Class share of the Settlement Fund and for reimbursement of Plaintiff's Counsels' other expenses to the date of the hearing not to exceed \$50,000.00, together with interest from the date of the Settlement Hearing to the date of payment of such attorneys' fees and expenses. Plaintiff's Counsel may thereafter apply for a supplemental award of fees and expenses incurred in connection with the administration and distribution of the Settlement.

NO PAYMENTS ARE TO BE MADE AT THIS TIME. SEPARATE CLAIM FORMS AND INSTRUCTIONS ARE ENCLOSED WITH THIS NOTICE. HOWEVER, NO PAYMENTS WILL BE MADE UNTIL AFTER THE SETTLEMENT IS APPROVED AND THE APPROVAL BECOMES FINAL AND AFTER ALL CLAIM FORMS HAVE BEEN PROCESSED.

VIII. CLASS MEMBERSHIP, FILING PROOFS OF CLAIM AND CALCULATION OF PAYABLE CLAIMS

TO RECEIVE ANY PAYMENTS FROM THE SETTLEMENT FUND, YOU MUST COMPLETE AND SIGN THE ATTACHED PROOF OF CLAIM FORM AND SEND IT WITH THE REQUESTED DOCUMENTATION, BY PRE-PAID FIRST CLASS MAIL POSTMARKED ON OR BEFORE OCTOBER 17, 2003, TO THE FOLLOWING ADDRESS:

**FCFC Securities Litigation
c/o Complete Claim Solutions, Inc.
P.O. Box 24648
West Palm Beach, FL 33416**

IF YOU DO NOT FILE A PROPER PROOF OF CLAIM FORM AND HAVE NOT EXCLUDED YOURSELF FROM THE CLASS, YOU WILL NOT SHARE IN THE SETTLEMENT BUT YOU WILL BE BOUND BY THE FINAL JUDGMENT OF THE COURT

For purposes of the Settlement,

(a) "Class Member" means any purchaser of shares of FCFC common stock (excluding the Defendants, members of their immediate families, any entity in which any Defendant has a controlling interest, and the legal representatives, heirs, successors or assigns of any such excluded party), during the Class Period from July 6, 1995 through and including September 6, 1997;

(b) "Claimant" means a Class Member who files a Proof of Claim form;

(c) "Authorized Claimant" means a Claimant who:

(i) completes the enclosed Proof of Claim form establishing the Claimant's status as a Class Member and has submitted it along with all required documentation and a signature to the address provided on the Proof of Claim form on or before October 17, 2003, and

(ii) is determined by Plaintiff's Counsel to be a valid Class Member in accordance with the Stipulation; and

(d) "Net Settlement Fund" means that portion of the Settlement Fund delivered or caused to be delivered by the Individual Defendants to an escrow agent pursuant to the terms of the Global Settlement Agreement and distributed in accordance with the Memorandum of Understanding and all interest and earnings that accrue, less all attorneys' fees and other expenses awarded by the Court and payable to Plaintiff's Counsel, and less any settlement administration costs, including, but not limited to, certain costs of notice pursuant to the Settlement and reimbursement of Nominees in connection with such notice, costs of administering and processing Proofs of Claim by Class Members, and/or taxes payable from the Settlement Fund, and any banking fees or costs associated with the administration of the Escrow Account.

All Proofs of Claim must be submitted by October 17, 2003. Any Class Member who fails to file a Proof of Claim by such date shall be forever barred from receiving any payment pursuant to the Settlement (unless, by Order of the Court, a later filed Proof of Claim by such Class Member is approved), but shall in all other respects be bound by the terms of the Settlement and by the final judgment entered in the Class Action. A Proof of Claim shall be deemed to have been submitted when posted, if received and if a postmark is indicated on the envelope and addressed in accordance with the instructions thereof, and in all other cases shall be deemed to have been submitted when actually received by Plaintiff's Counsel or their agent.

Any person submitting a Proof of Claim may be required to furnish such additional or other proof of purchase, sale or ownership of FCFC common stock as may reasonably be required to establish the Claimant's right to participate in the Net Settlement Fund. The burden shall be on the Class Member to establish his or her right to participate in the Net Settlement Fund by competent proof (e.g., broker's confirmation slips, brokerage account statements, letters from brokers, the Schedule D from a filed tax return, or other satisfactory proof). A Class Member shall, upon submission of the Proof of Claim, be subject to discovery under the Federal Rules of Civil Procedure with respect to the Proof of Claim. Any Class Member who fails to establish a claim to the satisfaction of the Court, within the time allowed, will not be entitled to receive payment but will nevertheless continue to be deemed a member of the Class and will be bound by the provisions of the Settlement, if it is approved by the Court.

Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Eastern District of New York with respect to his/her claim.

Any Class Member who has not received a Class Notice and Proof of Claim or desires additional copies thereof may obtain copies from the following website or by writing to:

FCFC Securities Litigation
c/o Complete Claim Solutions, Inc.
P.O. Box 24648
West Palm Beach, FL 33416
Phone: (800) 930-0057 – Fax: (561) 651-7788
Website: www.completeclaimsolutions.com

Each Proof of Claim shall be submitted to and reviewed by Plaintiff's Counsel or their agents who shall determine the extent, if any, to which each claim shall be allowed, subject to review by the Court.

Plaintiff's Counsel or their agents will notify all Claimants whose Proofs of Claim they have decided to reject in whole or in part, and will set forth the reasons therefore. If any Claimant whose claim has been rejected in whole or in part desires to contest such rejection, the Claimant must, within twenty (20) days after the date of mailing of such notice, serve upon the Settlement Administrator named in such notice a statement of reasons indicating the Claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof. In the event that such dispute is not resolved, Plaintiff's Counsel shall thereafter present all such requests for review to the Court.

All Class Members whose claims are not approved by the District Court shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of the Settlement, including the terms of any judgment entered in the Class Action.

The parties do not agree on the average amount of damages per share that would be recoverable if the Plaintiff prevailed on each claim alleged in the Class Action. The parties make this statement pursuant to the PSLRA §78u-4(a)(7)(B)(ii) and (iii), with the understanding that it is not admissible in any Federal or State judicial action or administrative proceeding, other than an action or proceeding arising out of such statement.

THE COURT HAS NOT DETERMINED THE MERITS OF THE CLAIMS AGAINST OR THE DEFENSES OF THE INDIVIDUAL DEFENDANTS. THIS NOTICE DOES NOT IMPLY THAT THERE HAS BEEN OR WOULD BE ANY FINDING OF VIOLATION OF THE LAW OR THAT RECOVERY COULD BE HAD IN ANY AMOUNT IF THE LITIGATION WERE NOT SETTLED.

IX. REQUEST FOR EXCLUSION

IF YOU PROPERLY REQUEST EXCLUSION FROM THE CLASS, YOU WILL NOT RECEIVE ANY PAYMENT PURSUANT TO THIS SETTLEMENT, AND YOU WILL NOT BE BOUND BY THE TERMS OF THE SETTLEMENT.

If you wish to be excluded from the Settlement, your Request for Exclusion must be **in writing** and postmarked on or before June 20, 2003. You must include (1) your name, address and telephone number, (2) the caption of the Class Action, (3) a statement that you wish to be excluded from the Class, (4) a statement of your purchases and sales of FCFC common stock during the Class Period, including the dates, the number of shares, and price paid or received per share for each such purchase or sale, and (5) the name of the person in whose name the stock was registered. TO BE VALID, A REQUEST FOR EXCLUSION MUST STATE ALL OF THE FOREGOING INFORMATION. All Requests for Exclusion must be mailed to: ***FCFC Securities Litigation; c/o Complete Claim Solutions, Inc.; P.O. Box 24648; West Palm Beach, FL 33416.***

If a Request for Exclusion is untimely or does not contain all of the necessary information, or is not served upon all the required parties, it shall not be a valid Request for Exclusion and the person or entity filing an invalid Request for Exclusion shall be deemed a member of the Class.

If you properly and timely request exclusion from the Settlement, you will not be bound by any judgment entered in the Class Action. You will be free to pursue whatever legal rights you may have against any of the Individual Defendants at your own expense.

X. SETTLEMENT HEARING

As set forth above, the Court has scheduled a hearing on July 7, 2003, to consider the fairness, reasonableness and adequacy of the proposed Settlement and to consider the request of Plaintiff's Counsel for an award of attorneys' fees and expenses.

At the Settlement Hearing, the Court will consider whether it should finally approve this Settlement and dismiss the Action with prejudice with respect to the Individual Defendants. The Settlement Hearing may be adjourned from time to time by the District Court without further notice.

It is not necessary for any member of the Class to appear at the Settlement Hearing. If you do not appear, you will be represented by Plaintiff's Counsel, J. James Carriero, Esq., 29-53 Butler Street, East Elmhurst, NY 11369 or David C. Harrison, Esq., Lowey Dannenberg Bemporad & Selinger, P.C., The Gateway - 11th Floor, One North Lexington Avenue, White Plains, NY 10601.

At the Settlement Hearing, any Class Member who has not previously filed a Request for Exclusion from the Class in the manner set forth above may appear at the Settlement Hearing in person or by counsel and be heard to the extent allowed by the Court in support of, or in opposition to (a) the fairness, reasonableness and adequacy of the Settlement, and (b) the application of Plaintiff's Counsel for attorneys' fees and reimbursement of expenses, provided, however, that in no event shall a person be heard in opposition to the Settlement and in no event shall any paper or brief submitted by any such person be accepted or considered by the Court, unless, on or before June 20, 2003, such person (a) files with the Clerk of the Court notice of such person's intention to appear, together with a statement that indicates the basis for such opposition, along with any supporting documentation, and a list of any and all witnesses or experts whom such person shall present to the Court, and (b) serves copies of such notice, statement, documentation, and list together with copies of any other papers or briefs such person files with the Court, in person or by mail upon one of the following:

Counsel representing the Class:

J. James Carriero, Esq.
29-53 Butler Street
East Elmhurst, NY 11369
800-930-0057

And

David C. Harrison, Esq.
Lowey Dannenberg Bemporad
& Selinger, P.C.
The Gateway - 11th Floor
One North Lexington Avenue
White Plains, NY 10601
800-930-0057

Counsel representing the Individual Defendants:

Harry Frischer, Esq.
Emily Stern, Esq.
Solomon, Zauderer, Ellenhorn,
Frischer and Sharp
45 Rockefeller Plaza
New York, NY 10111

Any member of the Class who does not make an objection in this manner shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness or adequacy of the proposed Settlement, the dismissal of claims, or the fee and expense request of Plaintiff's Counsel.

XI. JUDGMENT AND RELEASE

If the Settlement is approved by the Court, all claims which have or could have been asserted in the Action will be dismissed on the merits and with prejudice as to all Class Members (except those who have properly excluded themselves from the Class), and all such Class Members shall forever be barred from prosecuting a class action or any other action arising out of wrongs which have been or could have been alleged in this Action against the Individual Defendants and shall forever release and absolutely and forever discharge the Individual Defendants in accordance with the release described in Exhibit C to the Global Settlement Agreement. Upon Court approval, a final judgment or judgments will be entered (1) approving the proposed Settlement; (2) dismissing with prejudice, as to the Individual Defendants only, the First Amended Complaint filed in this Action; and (3) awarding Plaintiff's Counsel such fees, expenses and disbursements as the Court deems appropriate.

The Settlement will become effective on that business day that immediately follows the date upon which the order approving the Global Settlement Agreement entered by the last of the Approving Courts (in the Related Cases) becomes final and not subject to appeal, or, in the event an appeal has been taken from any such order, a final order deciding such appeal has been entered which is not subject to further appeal (the "Settlement Effective Date").

XII. EXAMINATION OF PAPERS AND INQUIRIES

For a more detailed statement of the matters involved in this Action, reference is made to the pleadings, to the Stipulation of Settlement, the Global Settlement Agreement, the Memorandum of Understanding submitted to the Court for *in camera* review only, the orders entered by the Court and other papers filed in the Class Action, which, unless sealed, may be inspected at the Office of the Clerk of the United States District Court, Eastern District of New York, U.S. Courthouse, 834 Federal Plaza, Central Islip, NY 11722, during business hours of each business day.

ANY INQUIRIES CONCERNING THIS NOTICE, THE ACTION, THE PROPOSED SETTLEMENT, THE PROOF OF CLAIM FORM OR THE SETTLEMENT HEARING SHOULD BE MADE TO PLAINTIFF'S COUNSEL. INQUIRIES SHOULD NOT BE DIRECTED TO THE CLERK OF THE COURT, JUDGE PLATT, OR TO ANY REPRESENTATIVE OF THE INDIVIDUAL DEFENDANTS OR COUNSEL FOR THE INDIVIDUAL DEFENDANTS.

XIII. SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you were a nominee for any purchasers of FCFC common stock during the Class Period, you are requested to: (1) forward this Notice and accompanying Proof of Claim promptly to the Class Member or, in the alternative, (2) provide the Settlement Administrator promptly with the names and addresses of such beneficial owners, **preferably on computer-generated mailing labels**, at the above address. Additional copies of this Notice and accompanying Proof of Claim and Release may be requested **in writing** from the Settlement Administrator, at the mailing address, fax number, or website set forth above. You are entitled to reimbursement of your reasonable expenses actually incurred in connection with the foregoing upon request and submission of appropriate supporting documentation to the Settlement Administrator.

DATED: April 4, 2003

By Order of the Court
United States District Court
Eastern District of New York

IMPORTANT COURT DOCUMENTS

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