

No. 88897-~~A~~

ATTORNEY GENERAL GREG ABBOTT,
on behalf of the public interest in charity, and
Plaintiff

IN THE PROBATE COURT

VS.

NUMBER ONE

GENE W. CHRISTENSEN,
individually and in his representative capacity,
Defendant.

OF TRAVIS COUNTY, TEXAS

DANA DEBEAUX, CLERK
COUNTY CLERK
TRAVIS COUNTY, TEXAS

2008 DEC 19 PM 4:42

FILED FOR RECORD

AGREED JUDGMENT

Came on to be heard this 19 day of December, 2008, the joint motion of the parties for the entry of this agreed judgment. GREG ABBOTT, ATTORNEY GENERAL OF TEXAS, acting on behalf of the public's interest in charity ("the Attorney General"), and GENE W. CHRISTENSEN ("Christensen") have entered into a settlement agreement, resolving the differences between them. Pursuant to this agreement, the parties have agreed to entry of this judgment, as evidenced by their signatures affixed hereto. The Court therefore enters the following Agreed Judgment:

1. IT IS HEREBY ORDERED that the Settlement Agreement attached to this judgment and incorporated herein is hereby APPROVED.
2. IT IS HEREBY ORDERED that Christensen immediately resign from any position that he may hold with People Against Drugs Affordable Public Housing Agency ("PAD"), including, but not limited to, President, Vice-President, Secretary, Treasurer, Chief Executive Officer, Director, and/or Executive Director.
3. IT IS HEREBY ORDERED that Christensen not in the future accept any position with

PAD, paid or unpaid, or undertake any activity in which he is acting as an employee, volunteer, agent or representative of PAD, except insofar as such activity is specifically authorized in this order.

4. IT IS HEREBY ORDERED that Christensen return all of PAD's electronic data on any of Christensen's computers to PAD within ten business days of the execution of this agreement, and that Christensen maintain and preserve all PAD data in his possession for a period of twelve months.

5. IT IS HEREBY ORDERED that Christensen not be employed by or hold any office of trust in any charitable organization doing business in Texas for a period of 10 years from the date of this agreement. (As used in this paragraph, "charitable organization" means any organization exempt from federal, state or local taxation because of its status as a charity. "Doing business in Texas" means being organized under Texas law, having a certificate of authority to do business in Texas, leasing or owning any real property in Texas, having employees based in Texas, making grants or contributions to persons or organizations based in Texas, and/or soliciting contributions from Texas residents.)

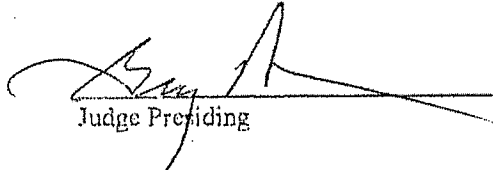
6. IT IS HEREBY ORDERED that the Attorney General have judgment against Christensen for payment in the sum of \$100,000.00 with interest until paid at the legal rate set by the Consumer Credit Commissioner pursuant to TEX.FIN. CODE § 304.003, as partial payment of the Attorney General's investigative costs incurred in connection with this matter. Except to the extent granted by this paragraph, any claim by the Attorney General against Christensen is denied, subject to the terms of Paragraph 9.

7. The parties to this judgment agree and the Court hereby finds that the Attorney General has agreed to enter into this judgment in reliance on Christensen's representation of his financial situation, as contained in Exhibit A of the Settlement Agreement attached hereto. Therefore, the

existence of this judgment shall not bar the prosecution of any otherwise barred claim by the Attorney General against Christensen if Christensen has omitted assets from Exhibit A, materially understated the value of the assets listed on Exhibit A, falsely included liabilities on Exhibit A, and/or materially overstated the liabilities listed on Exhibit A.

8. IT IS FURTHER ORDERED that all relief sought by Christensen against the Attorney General that is not expressly granted herein is hereby DENIED.

Signed this 19 day of October, 2008.



Judge Preiding

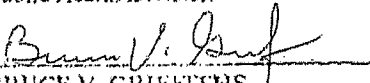
Signed and Agreed to:

GREG ABBOTT
Attorney General of Texas

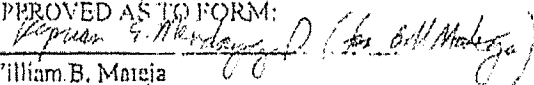
KENT SULLIVAN
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APPROVED AS TO FORM:

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Telephone: (214) 714-5070
Facsimile: (214) 747-2091
Attorney for Gene W. Christensen

SETTLEMENT AGREEMENT

THIS AGREEMENT is made between GREG ABBOTT, ATTORNEY GENERAL OF TEXAS, acting on behalf of the public's interest in charity (hereafter "the Attorney General") and GENE W. CHRISTENSEN (hereafter "Christensen").

WHEREAS, Christensen was the executive director, and an officer and director of People Against Drugs (hereafter "PAD"), which operates as charity exempt from federal, state, and local taxes;

WHEREAS, in 1996, Christensen and PAD entered into an employment contract ("the Employment Contract") under which PAD agreed to employ Christensen as its executive director for a period of 25 years;

WHEREAS, on June 24, 2008, the Attorney General filed an action against PAD, Christensen, and three other defendants (Cause No. 88897 on the docket of Probate Court No. 1 of Travis County, Texas) (hereafter "the Lawsuit"), alleging, *inter alia*, that Christensen had breached his fiduciary duties to PAD, that he had wasted and misappropriated PAD's charitable resources, and that the employment contract between PAD and Christensen is invalid;

WHEREAS, the Attorney General has asserted various claims against Christensen;

WHEREAS, Christensen has asserted various claims against the Attorney General;

WHEREAS, Christensen has previously resigned all positions with PAD, including but not limited to his titles as Executive Director, Director, President, Chief Executive Officer, Vice-President, Secretary, or Treasurer.

WHEREAS, Christensen has agreed, and does agree, that he will not in the future accept any position with PAD, paid or unpaid, or undertake any activity in which he is acting as an employee, volunteer, agent or representative of PAD;

WHEREAS, Christensen represents to the Attorney General that he is insolvent, and, more specifically, that the financial statement attached hereto as Exhibit A is a true and accurate representation of his financial situation on the date of this agreement; and

WHEREAS, without admitting any liability for any of the claims asserted by the Attorney General, Christensen desires to resolve these claims against him without incurring further expense; and

WHEREAS, without admitting any liability for any of the claims asserted by Christensen, the Attorney General desires to resolve these claims against it without incurring further expense.

NOW THEREFORE, the parties agree and covenant as follows:

1. Christensen agrees not to be employed by or hold any office of trust in any charitable organization doing business in Texas for a period of 10 years from the date of this agreement. (As used in this paragraph, "charitable organization" means any organization exempt from federal, state or local taxation because of its status as a charity.)

2. Contemporaneously with the execution and return of this Agreement, the Attorney General and Christensen agree to seek the entry of an agreed judgment in the form attached as Exhibit B hereto (the "Agreed Judgment"). The Agreed Judgment shall be in favor of the Attorney General and against Christensen in the amount of \$100,000 to partially reimburse the Attorney General for his investigative costs incurred in connection with this matter. The entry of the Agreed Judgment shall not be deemed an admission by Christensen of any wrongdoing—rather, the payment is made for the sole purpose of partially reimbursing the Attorney General's costs incurred in connection with this matter. In the event the Attorney General attempts to enforce or collect monies owed pursuant to the Agreed Judgment, Christensen and the Attorney General agree that Christensen shall receive dollar for dollar credit for all monies previously paid to the Attorney General.

3. In light of the consideration, covenants and promises contained herein, the receipt and sufficiency of which are hereby acknowledged, Christensen hereby fully, finally and forever RELEASES, ACQUITS, and DISCHARGES the Texas Attorney General, and each of its past and present officers, administrators, directors, shareholders, general or limited partners, representatives, insurers, agents, subsidiaries, divisions, affiliates, employees, attorneys, spouses, and children, if any, jointly and severally, from, and COVENANTS NOT TO SUE the Attorney General for any and all claims, debts, rights, demands, obligations, costs and expenses including, but not limited to attorneys fees, actions, causes of action, other liabilities, and/or damages, if any, known or unknown, whether arising at law, by statute, or in equity, which Christensen may have or claim to have against Attorney General, including those claims that relate specifically to the claims, causes of action or allegations set forth in the Lawsuit, as well as all claims arising out of the Attorney General's investigation of PAD and Christensen and the prosecution of the lawsuit, including, but not limited to, claims for violation of the U.S. or Texas constitutions, claims for defamation, claims for malicious prosecution, claims for violation of privacy rights, and/or claims for interference with contractual rights.

4. In light of the consideration, covenants and promises contained herein, the receipt and sufficiency of which are hereby acknowledged, the Attorney General hereby fully, finally and forever RELEASES, ACQUITS, and DISCHARGES Christensen, and each of his representatives, insurers, agents, affiliates, employees, attorneys, spouses, and children, if any, jointly and severally, from, and COVENANTS NOT TO SUE Christensen, for any and all claims, that relate specifically to the claims, causes of action or allegations set forth in the Lawsuit, or which are related to the claims and/or subject matter of the Lawsuit. This release shall be full, final, and forever with the exception that, in the event that the Attorney General

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learns, at any time in the future, that Christensen has (1) omitted assets which would materially affect his net worth stated on Exhibit A; (2) has materially understated the value of the assets listed on Exhibit A; (3) has falsely included liabilities which would materially affect the net worth stated on Exhibit A; and/or (4) has materially overstated the liabilities listed on Exhibit A, then, in such event, this release does not prevent the Attorney General from asserting a breach of contract claim against Christensen for liquidated damages in the amount of Christensen's actual net worth minus the net worth stated in Exhibit A.

5. The Attorney General and Christensen agree that any material understatement by Christensen of his net worth on Exhibit A constitutes a breach of this agreement and that, in the event of such a breach, the Attorney General acting on behalf of the public's interest in charity may recover liquidated damages in an amount equal to Christensen's actual net worth at the time of this agreement minus the net worth stated in Exhibit A.

6. The Attorney General and Christensen agree and stipulate that the terms contained herein constitute the only valid and binding agreement between Christensen and the Attorney General in connection with this matter. PAD and Christensen have executed a separate agreement dated September 16, 2008 which resolves claims between PAD and Christensen arising from this matter. This September 16, 2008 agreement between PAD and Christensen shall not be affected by the execution of this agreement. The Attorney General did not sign the September 16, 2008 agreement, and is not bound by any of the proposed terms of settlement with Christensen.

Provisions Relating to the Agreed Order

7. The parties agree to the entry of the Agreed Order approving this settlement. Each party agrees to sign the Agreed Order as evidence of his agreement and to take such other steps as are reasonably necessary to obtain the approval of the Court for the Agreed Order.

General Provisions

8. Each party represents that the person signing this agreement is authorized to do so and to bind his principal.

9. Each party acknowledges that they are represented by counsel in the execution of this agreement, and have entered into this agreement knowingly and voluntarily after reviewing this agreement with counsel.

10. This document is executed in multiple originals.

11. Faxed signatures are as effective as originals.

12. The agreement is effective on the date that the last party signs the agreement.

13. In any action for enforcing this agreement or seeking damages for its breach, a prevailing party shall be entitled to recover his reasonable attorneys' fees.

SIGNED AND AGREED:

GREG ABBOTT
Attorney General of Texas

KENT SULLIVAN
First Assistant Attorney General

JEFF L. ROSE
Deputy First Assistant Attorney General

PAUL D. CARMONA
Chief, Consumer Protection and
Public Health Division

By: Bruce V. Griffiths
Bruce V. Griffiths
Texas Bar No. 08486500
Assistant Attorney General
P.O. Box 12548
Austin, Texas 78711
Telephone: (512) 475-4184
Facsimile: (512) 322-0578

Date: 11/10/08

Gene W. Christensen
GENE W. CHRISTENSEN
Address: 875 Silverado Ranch Road, Unit 1044
Las Vegas, NV 89138
Telephone: (214) 649-3847

Date: 11-10-08

APPROVED AS TO FORM:

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William B. Mateja
Kiprian E. Mendrygal
FISH & RICHARDSON, P.C.
1717 Main Street, 50th Floor
Dallas, Texas 75201
Telephone: (214) 714-5070
Facsimile: (214) 747-2091
Attorneys for Gene W. Christensen

Date: 11-11-08

EXHIBIT A

GENE CHRISTENSEN FINANCIAL STATEMENT (as of 10/20/08)

<u>Asset</u>	<u>Equity</u>	<u>Notes</u>
4081 Preston Lakes, Celina, Texas	\$10,000.00	Personal Residence. Purchased for \$414,000. Mortgage balance as of 7/15/08 of \$404,875.00. No longer occupied by Christensen. No payments made for last 120 days.
	\$0.00	Current value of approximately \$26,000.00. Note balance as of 7/15/08 is \$26,985.00. Asset has either zero equity or negative equity. Vehicle currently in possession of the mother of Christensen's son.
2007 Chevy Malibu	\$11,000.00	Value of personal property and home furnishings.
Furniture, Clothing, and Personal Effects	\$5,000.00	Sold for living expenses in September 2008.
Rolex Watch	\$5,000.00	
Sports Memorabilia		
Life Insurance (Cash Surrender Value)	\$19,500 (approx)	3 Life Insurance Policies: \$500,000 on the death of Gene Christensen; \$250,000 on the death of his son and \$250,000 on the death of his ex-wife. All policies cashed out and used for outstanding legal fees in August 2008.
Total Assets	\$50,500.00	

<u>Liability</u>	<u>Amount of Liability</u> (as of 7/15/2008)	<u>Notes</u>
Checking Account (Wachovia)	(\$2,200.00)	Overdrawn personal checking account.
Brokerage Account (ScottTrade)	(\$5,000.00)	Overdrawn line of credit on margin brokerage account.

Citibank AA credit card	(\$20,612.00)	Current credit card balance is \$20,612.00. Roughly \$9,500.00 of the current balance represents PAD expenses which should be reimbursed.
Citibank Gold credit card	(\$12,092.00)	Current credit card balance is \$12,092.00. Roughly \$8,500.00 of the current balance represents PAD expenses which should be reimbursed.
Citibank AMEX credit card	(\$12,292.00)	Current credit card balance is \$12,292.00. Roughly \$7,500.00 of the current balance represents PAD expenses which should be reimbursed.
Bank of America Mastercard	(\$53,250.00)	Current credit card balance is \$53,250.00. Roughly \$17,500.00 of the current balance represents PAD expenses which should be reimbursed.
Chase Visa credit card	(\$7,989.00)	Current credit card balance is \$7,989.00. Roughly \$5,000.00 of the current balance represents PAD expenses which should be reimbursed.
Sears credit card	(\$5,600.00)	Personal Sears credit card. PAD expenses incurred on this card unknown at this time
Expo Home Depo credit card	(\$9,800.00)	Personal Home Depot credit card. PAD expenses incurred on this card unknown at this time.
Chevron credit card	(\$2,104.00)	Personal Chevron credit card. PAD expenses incurred on this card unknown at this time.
Firestone credit card	(\$1,869.00)	Personal Firestone credit card. Used primarily to fix and service PAD vehicles. PAD expenses unknown at this time.
Stanley Kershak credit card	(\$43,975.00)	Personal credit card. No PAD expenses on this credit card.
National City	(\$1,939.00)	Debt Christensen owes to National City in connection with boat. Boat went to ex-wife in divorce settlement. Debt balance is \$1,939.00.

AMEX credit card (71006)	(\$25.00)	Personal credit card. No PAD expenses on this credit card.
AMEX credit card (11006)	(\$23,017.00)	Current credit card balance is \$23,017.00. Roughly \$12,000.00 of the current balance represents PAD expenses which should be reimbursed.
Texas Sport Medicine	(\$6,100.00)	Balance owed to TSM in connection with unpaid medical procedures.
Alimony	(\$84,000.00)	Balance of alimony owed to Christensen's ex-wife. Payments are \$3,000 per month.
IRS Liability	(\$25,000.00)	Approximate personal income tax liability for tax year 2006.
Total Liabilities	(\$316,864.00)	

In addition to these actual and current liabilities, Christensen also has personally guaranteed many of PAD's open accounts, including a \$28,489.00 note on the company's 2006 Chevrolet Tahoe; a \$11,695 note on the company's 2005 Chevrolet Pickup; a \$203.00 balance on the company's AMEX credit card (acct # 94006); a \$964.00 balance on the company's AMEX credit card (acct # 42001); a \$6,089.00 balance on the company's AMEX credit card (acct # 62000); a \$10,750,000.00 note on the apartment complex located at 1702 N. Jupiter Road (current value of complex unknown, but believed to be in excess of balance of note); a \$28,000.00 balance on the company's Commerce Bank credit card; a \$22,000.00 balance on the company's Advanta Credit Card; and a \$19,850 balance on the company's Dell Computers credit card. If PAD were to default on any of these obligations, Christensen's personal liabilities (and negative net worth) would increase accordingly.

Contingent Liabilities

(\$10,856,595.00)

Net Worth

(\$11,173,279.00)

Total Assets - Total Liabilities - Contingent Liabilities

EXHIBIT B

No. 88897-B

ATTORNEY GENERAL GREG ABBOTT,
on behalf of the public interest in charity, and
Plaintiff

§ IN THE PROBATE COURT

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VS.

NUMBER ONE

GENE W. CHRISTENSEN,
individually and in his representative capacity,
Defendant.

OF TRAVIS COUNTY, TEXAS

AGREED JUDGMENT

Came on to be heard this ____ day of _____, 2008, the joint motion of the parties for the entry of this agreed judgment. GREG ABBOTT, ATTORNEY GENERAL OF TEXAS, acting on behalf of the public's interest in charity ("the Attorney General"), and GENE W. CHRISTENSEN ("Christensen") have entered into a settlement agreement, resolving the differences between them. Pursuant to this agreement, the parties have agreed to entry of this judgment, as evidenced by their signatures affixed hereto. The Court therefore enters the following Agreed Judgment:

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Judge Presiding

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Las Vegas, Nevada 89131-3135
Telephone: ~~214-649-3847~~

APPROVED AS TO FORM:
William B. Mateja

William B. Mateja

TBN 13185350
FISH & RICHARDSON, P.C.
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Attorney for Gene W. Christensen