

FILED  
Clerk  
District Court  
SEP 11 2014

IN THE UNITED STATES DISTRICT COURT FOR THE  
NORTHERN MARIANA ISLANDS

for the Northern Mariana Islands  
By \_\_\_\_\_  
(Deputy Clerk)

**BETTY JOHNSON**, on behalf of herself,  
and as a representative of a class of  
similarly-situated persons,

Plaintiffs,

v.

**ELOY S. INOS**, Governor of the  
Commonwealth of the Northern Mariana  
Islands ("CNMI"), *et al.*,

Defendants.

**CIVIL CASE NO. 09-0023**

**ORDER**

This matter came before the Court for a hearing on September 9, 2014 on NMI Settlement Fund Trustee's report on the operations and developments in the Settlement Fund for the Second and Third Quarter of Fiscal Year 2014, [ECF 672]. The Trustee requested Court approval for the Settlement Fund to substitute as the claimants in an arbitration proceeding styled as *Taitano et al. v. Merrill Lynch, Pierce, Fenner & Smith, Inc.* (Case No. 12-02942) before the Financial Industry Regulation Authority ("Merrill Lynch Litigation").

The Court reviewed the following documents relating to the Merrill Lynch Litigation: (1) Option Agreement for Settlement, Assignment of Claims and Release, [ECF 672-7] ("*Settlement and Assignment Agreement*"); (2) proposed Assignment of Claims Agreement, [ECF 672-8] ("*Assignment Agreement*"); and (3) proposed Attorneys' Contingent Fee and Cost Employment Agreement/Contract, [ECF 672-9] ("*Engagement Agreement*").

Class Counsel, Margery Bronster, Esq. ("Class Counsel") objected to the obligations being assumed by the Settlement Fund under the Assignment Agreement [ECF 672-8], and the

proposed financial terms of the Engagement Agreement [672-9]. The NMI Government joined in Class Counsel's objections.

The Court reviewed the Settlement and Assignment Agreement, Assignment Agreement, and Engagement Agreement. The Court expressed concerns with regard to the types of obligations and liabilities that the Settlement Fund would be assuming under the Assignment Agreement and Engagement Agreement. The Court also found that the financial terms proposed in the Engagement Agreement were unreasonable.

**THEREFORE**, having reviewed the relevant agreements and considered the arguments of the parties, and finding good cause therefore, the Court rules and orders as follows:

1. Based on the Trustee's representation that she has conducted an in depth independent review of the Merrill Lynch Litigation and has found the claims meritorious, the Trustee may pursue the assignment of the claims in the Merrill Lynch Litigation on behalf of the Settlement Fund;
2. The Trustee shall not assume any liability or obligation under the Settlement and Assignment Agreement without prior Court approval; and
3. The proposed Engagement Agreement is rejected. The Trustee is ordered to negotiate the financial terms with counsel for the claimants in the Merrill Lynch Litigation, and to submit any such agreement to the Court for approval.

**SO ORDERED.**



**/s/ Frances M. Tydingco-Gatewood**  
**Designated Judge**  
**Dated: Sep 11, 2014**