

Exhibit 3: Settlement Memorandum From City Law Department To City Council in Brown case(s).

LAWSUIT SETTLEMENT
MEMORANDUM

PRIVILEGED AND CONFIDENTIAL
ATTORNEY-CLIENT COMMUNICATION

GARY BROWN and HAROLD NELTHROPE v CITY OF DETROIT and MAYOR
KWAME KILPATRICK

WAYNE COUNTY CIRCUIT COURT CASE NUMBER: 03-317557-NZ

PLAINTIFF'S COUNSEL: MICHAEL STEFANI

DEFENDANTS' COUNSEL: VALERIE A. COLBERT-OSAMUEDE
SAMUEL MCARGO: LEWIS &
MUNDAY, P.C.
WILSON COPELAND: GRIER &
COPELAND, P.C.

WALTER HARRIS v JERRY OLIVER, MAYOR KWAME KILPATRICK and THE CITY
OF DETROIT

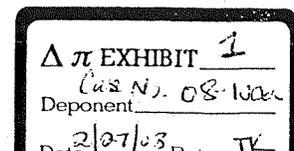
WAYNE COUNTY CIRCUIT COURT CASE NUMBER: 03-337670-NZ

PLAINTIFF'S COUNSEL: MICHAEL STEFANI

DEFENDANTS' COUNSEL: VALERIE A. COLBERT-OSAMUEDE

CLAIMANTS' NAME: GARY BROWN AND HAROLD NELTHROPE
WALTER HARRIS

Plaintiffs Brown and Nelthrope alleged a violation of the Whistle Blower Protection Act (WPA). Briefly, Brown was Deputy Chief of the Professional Accountability Bureau (PAB). In May of 2003, Brown was removed from his appointment as Deputy Chief by Mayor Kwame Kilpatrick. Brown later alleged that he was removed because he was investigating allegations of wrongdoing by the members of the Executive Protection Unit (EPU) as well as a rumored party at the Manoogian Mansion. After removal from appointment, Brown resigned from the Detroit Police Department after twenty-five years of service and filed this lawsuit.



City Council Lawsuit Settlement Memorandum
Gary Brown et.al. v City of Detroit et. al.
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Nelthrope was a police officer and former member of the EPU. It was Nelthrope who took the allegations of wrongdoing by EPU members to Internal Affairs. After Brown was removed from appointment, a memorandum was released to the public, by the City of Detroit, which named Nelthrope as the officer who had gone to Internal Affairs. Nelthrope alleged that after his name was released, he no longer felt safe working for the Detroit Police Department (DPD). He claimed severe emotional distress. Harris was granted a Duty Disability Pension in 2004.

This matter went to trial on August 20, 2007 and concluded on September 11, 2007. The Jury returned an award to the Plaintiffs of \$ 6.5 million dollars. As of September 11, 2007 with interest this amount was approximately \$7.5 million dollars. Plaintiffs have requested approximately \$1 million dollars in attorney fees and costs. Additionally, the Plaintiffs seek mediation sanctions.

On October 17, 2007, the parties were ordered to Facilitation to determine attorney fees. At that time, the Plaintiffs expressed an interest to resolve the entire matter. After hours of negotiations, the Plaintiffs are willing to settle this matter in the amount of \$8 million dollars subject to City Council approval.

EVALUATION/LIABILITY

The Plaintiffs already have a Judgment against the Defendants in the amount of 6.5 million dollars. Interest on this Judgment accrues back to the date of the filing of the lawsuit in 2003 and continues until the Judgment is satisfied. While the Defendants believe that there are viable issues that may be appealed in this case, however should Defendants lose on appeal the City would face payment of a Judgment of over \$12 million dollars. To avoid the uncertainty of appeal, it is recommended that the Brown/Nelthrope litigation settle in the amount of \$ 8 million dollars.

WALTER HARRIS V CITY OF DETROIT ET.AL.

Harris is a former police officer and member of the EPU. On May 5, 2003, Plaintiff transferred from the EPU to the 7th Precinct. After his transfer, Plaintiff was summoned by the Michigan State Police to answer questions regarding the allegations made by Nelthrope. Plaintiff appeared and responded to the questions.

Walter Harris v City of Detroit et. al.
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Plaintiff continued to work at the 7th Precinct for approximately five months until he went out on medical leave on October 10, 2003 and later resigned his employment with the DPD on December 16, 2003.

Harris alleges that the Mayor engaged in philandering activities. Harris claims to have been a witness to the Mayor's infidelity and that he was used to facilitate such activities. Plaintiff claims that after he gave testimony to the Michigan State Police, that he was targeted by both the Mayor and the Chief of Police. Specifically he alleges that he was falsely accused by citizens and made to endure unnecessary investigations into these false allegations. Plaintiff claims that these "complaints" were orchestrated by the Mayor and the Jerry Oliver in retaliation for him giving a statement to the Michigan State Police. Harris was exonerated on each of the citizen complaints. *

Harris claims that he feared for his safety as well as for the safety of his family. Upon resigning from the DPD, Harris moved his family out of state. Harris filed his lawsuit in November 2003, alleging violation of the Whistle Blower Protection Act and Wrong Discharge.

This case has received significant media attention. In fact, Harris testified in the Brown/Nelthrope trial. Harris' allegations are inflammatory and salacious and will no doubt be highly prejudicial against the Defendants should this matter proceed to trial. Given the verdict in the Brown/Nelthrope matter, as well as the fact that Harris' complaints flow from some of the same facts and circumstances, it is recommended that this matter be settled. *

EVALUATION AND LIABILITY

On October 5, 2007, Plaintiff demanded \$ 1.9 million dollars to settle this matter. After further discussions, Plaintiff demanded \$ 600,000 dollars as a bottom line settlement figure. During the facilitation of the Brown/Nelthrope matter, Plaintiff expressed a desire to settle the Harris litigation in the amount of \$ 400,000 dollars.

Defendants have a Motion for Summary Disposition pending. While it is likely that the Wrongful Discharge Claim will be dismissed it is highly unlikely that the entire lawsuit will be dismissed. It is also likely, that Jerry Oliver will be dismissed as a defendant. But, it is unlikely that the Mayor and/ or the City of Detroit will be dismissed.

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RECOMMENDED SETTLEMENT

This case mediated against the Defendants for \$100,000 dollars. The Defendants rejected mediation. Ultimately, the evidence in this case presents questions of fact for a jury. The Defendants had difficulty in seating an impartial jury in the Brown/Nelthrope litigation. It is unlikely that this fact will change in the Harris litigation. It is time for all of these cases to be concluded. It is the Law Department's considered opinion that it is in the best interest of the City for the Harris matter to be resolved in the amount of Four Hundred Thousand Dollars (\$400,000.00)

TOTAL SETTLEMENT

\$8,000,000. (Brown/Nelthrope)

\$ 400, 000. (Harris)

\$8,400,000.00