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13 Attorneys for Plaintiff

14 SUPERIOR COURT FOR THE STATE OF CALIFORNIA
15 IN AND FOR THE COUNTY OF MARIN

16 FREDRICK J. MARINO, an individual, and
17 on Behalf of the General Public of the State
18 of California,

19 Plaintiff,

20 vs.

21 AMERICAN EXPRESS TRAVEL
22 RELATED SERVICES COMPANY, INC.;
23 AMERICAN EXPRESS CENTURION
24 BANK; DISCOVER FINANCIAL
25 SERVICES, INC.; and DOES 1-700,
26 inclusive,

27 Defendants.

No. CV 996166

**STIPULATION FOR ENTRY OF
STIPULATED JUDGMENT AS TO
DEFENDANT DISCOVER FINANCIAL
SERVICES, INC.**

28 Plaintiff, FREDRICK J. MARINO, by and through his undersigned attorney, Ira P. Rothken
of the Rothken Law Firm and Defendant DISCOVER FINANCIAL SERVICES, INC., by and
through its undersigned attorney, William F. Alderman of Orrick, Herrington & Sutcliffe, LLP and
pursuant to the signed settlement agreement between the parties, attached hereto and incorporated by
this reference ("Settlement Agreement"), hereby stipulate and request that the Court enter the
Stipulated Judgment As To Defendant Discover Financial Services, Inc., attached as Exhibit A to the

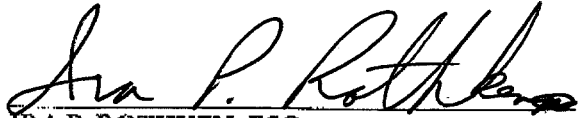
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Settlement Agreement.

IT IS SO STIPULATED.

Dated: May 22, 2001


ROTHKEN LAW FIRM



IRA P. ROTHKEN, ESQ.,
Attorney for FREDRICK J. MARINO

Dated: May 22, 2001

ORRICK, HERRINGTON & SUTCLIFFE LLP



WILLIAM F. ALDERMAN, ESQ.
Attorneys for Defendant DISCOVER FINANCIAL
SERVICES, INC.

SETTLEMENT AGREEMENT AND GENERAL RELEASE OF CLAIMS

This Settlement Agreement and General Release of Claims (the "Agreement") is made as of January 31, 2001, between Fredrick J. Marino, on behalf of the general public ("Marino"), and Discover Financial Services, Inc. ("Discover"). (Marino and Discover are collectively referred to as the "Parties.")

WHEREAS, Fredrick Marino is a member of the general public acting on behalf of the general public; and

WHEREAS, Marino has filed an action against Discover and others entitled Fredrick J. Marino v. American Express Travel Related Services Company, et al., No. CV 996166 in the Marin County Superior Court (the "Action"), seeking a judgment under Business and Professions Code sections 17200 *et seq.* relating to the alleged use of American Express and Discover credit cards for purposes of gambling through the Internet; and

WHEREAS, although Internet gambling merchants may previously have accepted the Discover card, Discover has maintained, since at least November 1998, a written policy against doing business with merchants that accept credit cards in connection with Internet gambling transactions; and

WHEREAS, the parties desire to resolve all disputes between them and to compromise and to settle their differences by means of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Discover agrees that for a period of three (3) years from the date of this Agreement it will (a) retain its written policy against knowingly doing business with merchants that accept credit cards in connection with Internet gambling transactions made by California residents; and (b) continue its current efforts to monitor merchants that accept the Discover card to determine that they are in compliance with Discover's policies relating to Internet gambling and are not processing transactions for Internet gambling merchants who do not have a contract with Discover; provided however, that Discover's obligations under this paragraph shall cease in the event a court of competent jurisdiction determines that California law does not apply to Internet gambling transactions by California residents or a court of competent jurisdiction, the Congress, or the California State Legislature determines that Internet gambling debts are enforceable.

2. Discover shall pay to Fredrick Marino individually the amount of \$700 and shall pay his attorneys the amount of \$2,000, which shall be deemed to be the amount of Marino's attorney's fees allocable to Discover. Said payments shall be made promptly after a stipulated judgment is entered pursuant to paragraph 4 below.

3. Marino individually releases and forever discharges Discover, its present, former and future parent, sister, and subsidiary companies and affiliates, together with all of the present, former and future officers, directors, shareholders, agents, employees, representatives,

attorneys, successors and assigns of each of them, from and against any and all claims, demands, actions, causes of action, liabilities, damages, costs, expenses and attorney's fees, known or unknown, which Marino has or had, including without limitation those which may later be discovered to accrue in the future, arising out of, on account of, or in any way based upon or related to use of the Discover card for purposes of Internet gambling transactions, including without limitation any matters that are related to the subject matter of the Action or that are or could have been asserted therein. Marino specifically waives section 1542 of the California Civil Code, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Fredrick Marino warrants and represents that the effect of the provisions of Section 1542 has been explained to him by his attorneys.

4. Discover releases and forever discharges Frederick Marino, together with his heirs, beneficiaries, executors, administrators and attorneys, from and against any and all claims, demands, actions, causes of action, liabilities, damages, costs, expenses and attorney's fees, known or unknown, which Discover has or had, including without limitation those which may later be discovered to accrue in the future, arising out of, on account of, or in any way based upon or related to Frederick Marino's use of the Discover card for purposes of Internet gambling transactions prior to the filing of the Action, including without limitation any matters that are related to the subject matter of the Action or that are or could have been asserted therein. Discover specifically waives section 1542 of the California Civil Code.

5. The Parties shall promptly file in the Action, and ask the Court to approve and enter, a Stipulated Judgment in the form attached as Exhibit A hereto.

6. This Agreement is the result of good-faith negotiations and compromise. The Parties make this Agreement recognizing that nothing in this Agreement is intended to or will constitute an admission by any party of liability to the other.

7. In the event of any litigation, arbitration or other proceeding relating to the subject matter of this Agreement, the prevailing party shall be entitled to recover its costs and expenses, including without limitation reasonable attorneys' fees.

8. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

9. The Parties desire and represent that no promise, inducement or other agreement not contained herein has been made conferring any benefit upon any party. The Parties further declare and represent that the Agreement contains the entire agreement between the Parties with respect to the matters that it covers and supersedes all prior and contemporaneous agreements, representations and understandings of the Parties with respect to such matters.

10. The Agreement cannot be altered, amended, or modified in any respect, except by a writing duly executed by the party against whom the alteration, amendment or modification is charged. Parol evidence will be inadmissible to show agreement by and between the Parties to any term or condition contrary to or in addition to the terms and conditions contained in this Agreement.

11. This Agreement may be executed in counterpart originals with each counterpart to be treated the same as a single original.

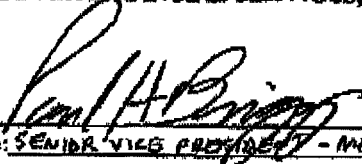
12. The undersigned represent that they are authorized to execute this Agreement on behalf of their respective parties and have read, understood, and voluntarily agreed to all of the terms and conditions of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

FREDRICK J. MARINO, ON BEHALF OF
THE GENERAL PUBLIC


By: 

DISCOVER FINANCIAL SERVICES, INC.

By: 
Title: SENIOR VICE PRESIDENT - MERCHANT OPERATIONS

APPROVED AS TO FORM:

THE ROTHKEN LAW FIRM
LAW OFFICES OF JOHN G. WARNER

By: 
Attorneys for Fredrick J. Marino,
On Behalf of the General Public

ORRICK, HERRINGTON & SUTCLIFFE LLP
WILLIAM F. ALDERMAN

By: 
Attorneys for Discover Financial
Services, Inc.

Exhibit A

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF MARIN

FREDERICK J. MARINO, an individual,
and on Behalf of the General Public of the
State of California,

Plaintiff,

v.

AMERICAN EXPRESS TRAVEL
RELATED SERVICES COMPANY, INC.;
AMERICAN EXPRESS CENTURION
BANK; DISCOVER FINANCIAL
SERVICES INC.; and DOES 1-700;
inclusive,

Defendants.

CASE NO. CV 996166

**STIPULATED JUDGMENT AS TO
DEFENDANT DISCOVER FINANCIAL
SERVICES, INC. ONLY**

Upon the stipulation of the parties and pursuant to a settlement agreement, it is hereby
ORDERED, ADJUDGED and DECREED as follows:

1. Until January 31, 2004, defendant Discover Financial Services, Inc. ("Discover") shall (a) retain its written policy declaring that merchants that accept credit cards in connection with Internet gambling transactions made by California residents are "unacceptable merchant types" and are prohibited from accepting the Discover card in connection with such transactions, and (b) continue its current efforts to monitor merchants that accept the Discover card to determine that they are in compliance with Discover's policies relating to Internet gambling and are not processing transactions for Internet gambling merchants who do not have a contract with Discover; provided

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STIPULATED JUDGMENT AS TO DEFENDANT DISCOVER FINANCIAL SERVICES, INC. ONLY

EXHIBIT A

1 however, that Discover's obligations under this paragraph shall cease in the event a court of
2 competent jurisdiction determines that California law does not apply to Internet gambling
3 transactions by California residents or a court of competent jurisdiction, the Congress, or the
4 California State Legislature determines that Internet gambling debts are enforceable.

5 2. Discover shall pay to Frederick Marino individually the amount of \$700 and shall
6 pay his attorneys the amount of \$2,000, which shall be deemed to be the amount of Marino's
7 attorney's fees allocable to Discover.

8 3. The Court shall retain jurisdiction for the purposes of enforcing the provisions of
9 paragraph 1 above.

10 Dated: _____
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13 _____
14 Judge of the Superior Court
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