



NEWS RELEASE

United States Attorney's Office Central District of California

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STEVEN SCHULMAN, FORMER NAME PARTNER IN MILBERG WEISS, AGREES TO PLEAD GUILTY TO FEDERAL RACKETEERING OFFENSE AND ADMIT ROLE IN PAID PLAINTIFF KICKBACK SCHEME

Steven G. Schulman, a former name partner in the law firm now known as Milberg Weiss, has agreed to plead guilty to a federal racketeering charge and acknowledge that he and others conspired to conceal from judges in federal courts Milberg Weiss' secret payment arrangements with named plaintiffs in class-action lawsuits.

Schulman, a 56-year-old resident of New York City, was charged in a criminal information filed this afternoon in United States District Court in Los Angeles. The one-count information charges Schulman with participating in a racketeering conspiracy in which Milberg Weiss was the racketeering enterprise. In a plea agreement also filed this afternoon, Schulman agreed to plead guilty to the racketeering charge, to forfeit \$1.85 million in ill-gotten gains to the government and to pay a \$250,000 fine.

In a related development today, a federal grand jury in Los Angeles returned a superseding indictment that charges Milberg Weiss co-founder Melvyn I. Weiss with conspiracy and participating in the racketeering enterprise that paid secret kickbacks to plaintiffs in more than 250 lawsuits that generated approximately a quarter-billion dollars in attorneys' fees for the law firm.

In the plea agreement filed today, Schulman acknowledges directly participating in negotiations concerning secret kickbacks to paid plaintiff Howard Vogel, who typically

received 12 percent of the attorneys' fees collected by Milberg Weiss in the class-actions. In one case, *Oxford Health Plans, Inc.*, Vogel, through an intermediary law firm in Denver, was paid \$1.1 million out of the approximately \$40 million that Milberg Weiss was paid in relation to the litigation. The payment was made in 2003, while Milberg Weiss and Weiss were under investigation for paying illegal kickbacks to plaintiffs.

Schulman was initially charged in May 2006 when a federal grand jury indicted him, his law firm and former Milberg Weiss partner David J. Bershada, who pleaded guilty to a conspiracy charge earlier this year. A status conference for the current defendants – the Milberg Weiss firm, Weiss, alleged paid plaintiff Seymour M. Lazar and attorney Paul T. Selzer – is scheduled for tomorrow afternoon.

Schulman has agreed to make an initial appearance in United States District Court in Los Angeles on October 19 and to be arraigned on the criminal information on October 22.

The racketeering conspiracy against Schulman carries a statutory maximum penalty of 20 years in federal prison; however, the plea agreement contemplates a sentence of 27 months to 33 months, a calculation that will not be binding on the judge who sentences Schulman and which may be impacted by Schulman's promise to cooperate in the government's ongoing investigation.

The case against Schulman and the other defendants related to Milberg Weiss is the result of an ongoing investigation by the United States Postal Inspection Service and IRS Criminal Investigation Division.

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