STIPULATION AND SETTLEMENT AGREEMENT

I. PARTIES

This Stipulation and Settlement Agreement ("Agreement") is made as of this 25th day of October, 2006, between the United States of America, on behalf of its agency, the Department of Agriculture ("USDA") (collectively the "United States"), and Lakewood Cheder School, Inc., a New Jersey Corporation ("LCS")(collectively, "the Parties"), through their authorized representatives.

II. PREAMBLE

As a preamble to this Agreement, the Parties agree to the following:

A. At all times relevant to this Agreement, LCS was a New Jersey Non-Profit Corporation with a principal place of business at 901 Madison Avenue, Lakewood, New Jersey 08701. LCS operates a children's school at said location and at other locations and was at the relevant time enrolled in the National School Breakfast/Lunch Program ("NSLP").

B. The United States contends that LCS submitted or caused to be submitted numerous certified documents (hereinafter the "Statements"), to the USDA through the State of New Jersey, Department of Agriculture, Bureau of Child Nutrition (as required by applicable regulations) that contained materially false information.

C. The United States contends that it has certain civil claims against LCS for engaging in certain prohibited conduct during the period from 1996 through 2000, involving the submission of false information and certifications in Statements provided to the USDA through the State of New Jersey, Department of Agriculture, Bureau of Child Nutrition, resulting in excessive and improper payments to LCS under the NSLP. Specifically, in the Statements submitted, LCS submitted claims for school lunches that were served at approximately 90 private residences which were ineligible and unapproved school sites under the NSLP. More than 1,100 pre-school age children were claimed by LCS to have received the lunches at the ineligible and unapproved sites. In this way, LCS obtained an increased payment under the NSLP that it was not entitled to (hereinafter referred to as the "Covered Conduct").

D. The parties agree that presently the State of New Jersey, Department of Agriculture, Bureau of Child Nutrition has suspended LCS's account for payment of NSLP claims. Currently, a total of $895, 549.50 of federal funds is suspended in that account. (hereinafter referred to as the "Suspended Funds").

E. In order to avoid the delay, uncertainty, inconvenience and expense of protracted litigation of these claims, the Parties reach a full and final settlement as set forth below.

III. TERMS AND CONDITIONS

A. In consideration of the mutual promises, covenants and obligations set forth below, and for good and valuable consideration as stated herein, and before the taking of any testimony, and without adjudication of any issue of fact or law, and upon consent and agreement of the Parties to this Stipulation and Settlement Agreement, it is hereby agreed and stipulated as follows:

1. LCS agrees to pay to the United States a total of ONE MILLION TWO HUNDRED NINETY FIVE THOUSAND FIVE HUNDRED FORTY NINE AND 50/100 ($1,295,549.50) Dollars (the "Settlement Amount"). Payment shall be made as follows:

i.) The sum of FOUR HUNDRED THOUSAND AND 00/100 ($400,000.00) Dollars shall be paid by LCS to the United States by electronic funds transfer. Instructions for the electric funds transfer shall be provided by the United States Attorney's Office, District of New Jersey, Financial Litigation Unit. LCS agrees to make this electronic funds transfer no later than the Effective Date of this Agreement.

ii) The balance of the Settlement Amount of EIGHT HUNDRED NINETY FIVE THOUSAND FIVE HUNDRED FORTY NINE AND 50/00 ($895,549.50) represents the Suspended Funds that are presently held in suspension by the State of New Jersey, Department of Agriculture, Bureau of Child Nutrition. LCS agrees that

the Suspension Funds shall be immediately released to the United States as part of the payment of the Settlement Amount under this Agreement. The Suspended Funds shall be paid to the United States by electronic funds transfer. Instructions for electronic funds transfers will be provided by the United States Attorney's Office, District of New Jersey, Financial Litigation Unit.

2. In consideration of the obligations of LCS as set forth in this Agreement, conditioned upon LCS's timely payment in full of the Settlement Amount, and subject to Paragraph 8, below (concerning bankruptcy proceedings commenced within 91 days of the effective date of this Agreement), and subject to the default provisions set forth subsequently in paragraph 3, below, the United States (on behalf of itself, its officers, agents, agencies and departments) agrees to release LCS, together with its current and former parent corporations, each of its direct and indirect subsidiaries, brother or sister corporations, divisions, current or former owners, officers, directors, trustees, affiliates, employees, officers, successors and assigns of any of them, from any civil monetary claim the United States has or may have under the False Claims Act, 31 U.S.C. 3729-3733 or common law theories of mistake, unjust enrichment, breach of contract, and fraud for the Covered Conduct only. Nothing in this Paragraph precludes the USDA from taking action against entities or persons, or for conduct and practices, for which civil claims have been reserved in

Paragraph 9, below.

3. If any of the payments provided for in paragraph 1 of this Agreement is not timely paid, the United States may, at its option, declare this Agreement to be in default, and the full remaining unpaid balance shall become immediately due and payable and shall bear interest at the rate of 18% per annum compounded daily from the next business day following the due date of the payment not timely made. In the alternative, the United States may elect to file a civil action against LCS and/or its directors, officers, employees, and agents alleging, inter alia, that the defendants are liable for any and all of the violations of the False Claims Act which are referenced herein and for any other additional violations of the Act as may be alleged and proved. If the United States is required to take legal action to collect any amounts under this Agreement, LCS shall be liable for reasonable attorneys' fees and costs incurred by the United States to collect any such amounts. Additionally, if any portion of the payments provided for in this Agreement is not timely paid, LCS agrees that the running of any and all statutes of limitations which may be applicable to any and all civil claims that may be brought by the United States arising out of the Covered Conduct, are and shall be tolled for a period commencing on the date this Agreement is executed, until the time when the settlement payment, interest, interest penalty, fees and costs are paid in full, or the United States files a Complaint in the

United States District Court. LCS agrees not to plead, argue or otherwise assert as a defense to any of the United States' civil claims the defense of laches, or any other defense based upon the United States' delay in commencing litigation during the tolling period specified in this Paragraph.

4. This agreement shall not constitute an admission of liability or fault on the part of LCS or on the part of any of its agents, servants, employees or instrumentalities as regards the Covered Conduct.

5. The provisions of this Agreement shall apply to, be binding on, and inure to the benefit of the Parties to this action and their successors and assigns.

6. Except as provided in Paragraph 2 and 5, this Agreement is intended to be for the benefit of the Parties only, and by this instrument the Parties do not release any claims against any other person or entity, except as otherwise stated in this Agreement.

7. LCS expressly warrants that it has reviewed its financial situation and that it is currently solvent within the meaning of 11 U.S.C. § 547(b)(3), and will remain solvent following its payment to the United States hereunder. Further, the Parties expressly warrant that, in evaluating whether to execute this Agreement, the Parties (i) have intended that the mutual promises, covenants and obligations set forth herein constitute a contemporaneous exchange for new value given to LCS, within the

meaning of 11 U.S.C. § 547(c)(1), and (ii) have concluded that these mutual promises, covenants and obligations do, in fact, constitute such a contemporaneous exchange.

8. In the event LCS commences, or a third party commences, within 91 days of the effective date of this Agreement, any case, proceeding, or other action (a) under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have any order for relief of any of LCS's debts, or seeking to adjudicate LCS as bankrupt or insolvent, or (b) seeking appointment of a receiver, trustee, custodian or other similar official for LCS or for all or any substantial part of any of the LCS's assets, LCS agrees as follows:

a. LCS's obligations under this Agreement may not be avoided pursuant to 11 U.S.C. § 547, and LCS will not argue or otherwise take the position in any such case, proceeding or action that: (I) LCS's obligations under this Agreement may be avoided under 11 U.S.C. § 547; (ii) LCS was insolvent at the time this Agreement was entered into, or became insolvent as a result of the payment made to the United States hereunder; or (iii) the mutual promises, covenants and obligations set forth in this Agreement do not constitute a contemporaneous exchange for new value given to LCS.

b. In the event that LCS's obligations hereunder are avoided for any reason,

including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, the United States, at its sole option, may rescind the releases in this Agreement, and bring any civil and/or administrative claim, action or proceeding against LCS for the claims that would otherwise be covered by the releases provided in Paragraphs 2 and 3, above. If the United States chooses to do so, LCS agrees that (i) any such claims, actions or proceedings brought by the United States are not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) as a result of the action, case or proceeding described in the first clause of this Paragraph, and that LCS will not argue or otherwise contend that the United States' claims, actions or proceedings are subject to an automatic stay; (ii) that LCS will not plead, argue or otherwise raise any defenses under theories of statute of limitations, laches, estoppel or similar theories, to any such civil or administrative claims, actions or proceeding which are brought by the United States within 10 calendar days of written notification to LCS that the releases herein have been rescinded pursuant to this Paragraph, except to the extent such defenses were available as of the date of this Agreement; and (iii) the United States has alleged a claim against LCS in the amount of $2,860,265.00, which amount may be subject to upward modification, as appropriate, and the United States may pursue its claim, inter alia, in the case, action, or proceeding referenced in the first clause of this Paragraph, as well as in any other case, action, or

proceeding.

c. LCS acknowledges that its agreements in this Paragraph are provided in exchange for valuable consideration provided in this Agreement.

9. Notwithstanding any term of this Agreement, specifically reserved and excluded from the scope and terms of this Agreement as to any entity or person (including LCS) are any and all of the following:

(1) Any civil, criminal or administrative claims arising under Title 26, U.S. Code (Internal Revenue Code);

(2) Any criminal liability;

(3) Except as explicitly stated in this Agreement, any administrative liability, including mandatory exclusion from any and all Federal programs;

(4) Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;

(5) Any claims based upon such obligations as are created by this Agreement.

(6) Any civil or administrative claims against individuals, including current or former directors, officers, employees, agents or shareholders of LCS who receive written notification that they are the target of a criminal

investigation (as defined in the United States Attorneys' Manual), are criminally indicted or charged, or are convicted, or who enter into a criminal plea agreement related to the Covered Conduct.

(7) Any claims by the State of New Jersey.

10. Each party to this Agreement will bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

11. LCS represents that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

12. This Agreement is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute arising between and among the Parties under this Agreement will be the United States District Court for the District of New Jersey.

13. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

14. All Parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

15. The undersigned individuals signing this Agreement on behalf of LCS represent and warrant that they are authorized by LCS to execute this

Agreement. The undersigned United States signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement.

16. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same agreement.

17. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

FOR THE UNITED STATES OF AMERICA:

CHRISTOPHER J. CHRISTIE
United States Attorney

Dated: 10-26-06 By: _____
RUDOLPH A. FILKO
Assistant United States Attorney

FOR LAKEWOOD CHEDER, INC., a New Jersey Corporation:

Dated: OCT 25 06 By: _____
Name: BARUCH MANES
Title: Vice Pres.

HUGHES HUBBARD & REED, LLP

Dated: October 26, 2006 By: _____

Name: DAVID G. LISTON, Esq.

Attorneys for Lakewood Cheder, Inc., a New Jersey Corporation