

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

-----X
**EQUAL EMPLOYMENT OPPORTUNITY
COMMISSION,**

Plaintiff,

v.

**BOOKS FOR LESS, LLC &
BOOKS FOR LESS, INC.**

Defendants.
-----X

**CIVIL ACTION NO.
06 CV 4577 (NG) (RER)**

CONSENT DECREE

Plaintiff Equal Employment Opportunity Commission (“EEOC”) and Defendant Books For Less, LLC (“Defendant”) have agreed to resolve this action by the terms of this Consent Decree as set forth below.

On August 24, 2006, EEOC brought this action under Title VII of the Civil Rights Act of 1964 and Title I of the Civil Rights Act of 1991, alleging unlawful employment practices on the basis of race and/or sex and/or retaliation and to provide appropriate relief to Damian Ballard, Janell Howard, Keelan Rozier, Christina Rush, Joseph Faulkner, Christina Cordova, Lawrence Lerner, Erika Sanchez, Nicole Weissert, (collectively referred to as “Charging Parties”) and a class of similarly situated African-American and/or female individuals. The suit also includes allegations of retaliation against Defendant’s current or former employees, regardless of race or sex, who opposed discriminatory treatment, filed Charges of Discrimination with EEOC, and/or participated in EEOC’s investigation and litigation of this case. The additional claimants in this case include: Ernest Clark, Nickol Day, Daniel Dozier, Ryan Gambrill, Angela Haskins, Curtis Howard, Eric Kimbo, Melvin Palmer, Jeffery Stevenson, Joanna Davis, Lucy Rosen and Carla Lilliam Sandoval.

Specifically, EEOC alleged that the Defendant discriminated by harassing African-Americans employees based on race including, but not limited to referring to the workplace as the

“plantation” and calling employees, “stupid niggers,” subjecting white employees to harassment based on association with African-Americans including, but not limited to saying one claimant’s children were “too dark to be her’s,” subjecting female employees to harassment based on their sex including, but not limited to, calling them, “stupid bitch” and “stupid little cunt.” EEOC also alleged that Defendant retaliated against employees who complained about discrimination or filed EEOC Charges and/or participated in EEOC’s investigation or lawsuit, by terminating them, calling their homes to attempt to harass them into dropping their claims, and/or by bringing retaliatory lawsuits against them. The Complaint is deemed amended to add allegations that Defendant failed to hire available African-American employees because of their race, made disparaging remarks to African-American employees regarding their intellect and work abilities, and paid African-Americans less wages than Hispanics for the same work.

Defendant denies liability and by entering into this Consent Decree, Defendant does not admit any unlawful conduct or wrong-doing.

The parties desire to settle this action, and therefore do hereby stipulate and consent to the entry of this Decree as final and binding between the parties and its successors, assigns, subsidiaries, affiliates, and any other corporation or other entity into which Defendant may merge or with which Defendant may consolidate. Defendant shall provide notice and a copy of this Decree to any successors, assigns, subsidiaries, affiliates, and any other corporation or other entity into which Defendant may merge or with which it may consolidate.

The Decree resolves all issues relating to the allegations in EEOC’s Complaint filed herein against both Defendants and the following Charges of Discrimination filed with EEOC: Christina Cordova - 160-2005-02998, Erika Sanchez - 520-2006-00116, Christina Rush - 520-2006-00692, Lawrence A. Lermer - 520-2006-00938 and 520-2006-03481, Keelan Rozier - 520-2006-00973,

Nicole Weissert - 520-2006-00937, Janell L. Howard - 520-2006-00974 and 520-2007-03359, Damian Ballard - 520-2006-01331 and Joseph Faulkner - 520-2008-00508 which served as the jurisdictional prerequisites in this case. The Decree does not resolve any other charges of discrimination currently pending before EEOC, or any charge that may be filed in the future against Defendant.

The terms of this Decree represent the full and complete agreement of the parties. The parties agree that this Decree may be entered into without Findings of Fact and Conclusions of Law being made and entered by the Court.

In consideration of the mutual promises of each party to this Decree, the sufficiency of which is hereby acknowledged, it is agreed and IT IS ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

1. Defendant, its managers, officers, agents, successors, and assigns are hereby enjoined from discriminating against any individual because of the individual's sex and/or race and from retaliating against any individual because that individual is a beneficiary of this Decree, has filed a complaint, or has provided information, assistance, or participated in any other manner in this investigation or litigation.
2. EEOC and Defendant agree that this Court has jurisdiction over the subject matter of this litigation and the parties, that venue is proper, and all administrative prerequisites have been met. No party shall contest the validity of this Decree or the jurisdiction of the federal district court to enforce this Decree and its terms.
3. The Court shall retain jurisdiction over this action for all purposes including, but not limited to, the entering of all orders, judgments, and decrees as necessary to implement the relief provided herein. EEOC may bring an enforcement action upon breach of any of the terms of this

Decree by Defendant. In any action to enforce the terms of this Decree, the Court will have full authority to order any remedy the Court deems appropriate including, but not limited to, specific performance and/or extension of the Decree beyond the term of the Decree.

4. Defendant's owner, Michael Shmuely, will provide a letter to each claimant as attached as Exhibit A.

5. Defendant shall donate \$10,000 retail value or 1000 books relevant to EEOC's mission. Defendant has provided a list of books available to donation to EEOC. Within 30 days of when Defendant is notified by EEOC of the selection of books, Defendant will donate the designated books to the following non-profit organization in the Pittsburgh area: the August Wilson Center for African American Culture that is partnering with a YMCA to offer an after school program at a local high school called the Lighthouse Project.

6. Within 21 days of the entry of this Decree, Defendant shall conspicuously post and maintain a "Notice of Resolution" regarding this lawsuit attached as Exhibit B where employee notices are posted at all of Defendant's facilities. Defendant shall confirm in writing to EEOC within 30 days of the entry of the Decree that the Notice has been posted by the deadline and specifically where it has been posted.

7. Defendant shall adopt comprehensive Equal Employment Opportunity and Anti-Discrimination Policies and Procedures prohibiting all forms of unlawful employment discrimination and providing effective complaint procedures for discrimination complaints. The procedures must ensure that a thorough, fair and timely investigation of complaints is conducted by a qualified and trained person(s). The Policy Summary and full Policy are attached as Exhibit C. The policies and procedures shall set forth Defendant's commitment to equal opportunity in all aspects of employment and, at a minimum, set forth the following: (a) a clear explanation of

prohibited conduct; (b) the assurance that employees who make complaints of discrimination or provide information related to such complaints will not be retaliated against; (c) a clearly described complaint process that provides accessible avenues of complaint; (d) the assurance that Defendant will review any and all complaints from employees who wish to file internal complaints; (e) the assurance that Defendant will protect the confidentiality of complaints to the extent possible; (f) a complaint process that provides a prompt, thorough, and impartial investigation; (g) the assurance that Defendant will take immediate and appropriate corrective action when it determines that discrimination has occurred; and (h) an assurance that Defendant will inform complainants of the outcome of investigations within a reasonable amount of time. Under no circumstances shall the EEOC, by commenting or electing not to comment on Defendant's Equal Employment Opportunity and Anti-Discrimination Policies and Procedures, be deemed to have waived its right to investigate or litigate any alleged violation of federal law enforced by the EEOC, related to or resulting from the implementation of any such policy.

8. Defendant shall retain the following independent outside entity to receive, investigate and respond to employment discrimination complaints: Employment Practices Advisors ("EP Advisors"). Employees may contact this organization at the following toll-free number: 877-368-1031, dial 9 and then, dial ext. 201. The point of contact for employees is Diane Pfadenhauer and she can also be reached at the following email address: hearne@epadvisors.com or the following mailing address: Diane Pfadenhauer, Employment Practices Advisors, Inc., 1019 Fort Salonga Road, Suite 10-333, Northport, New York 11768.

9. Defendant shall issue its Equal Employment Opportunity and Anti-Discrimination Policies and Procedures to all employees within 30 days of the entry of the Decree. The Summary of Policy and full Policy shall be issued with a letter signed by Defendant's Owner and President,

Michael Shmuely, attached as Exhibit D, affirming Defendant's commitment to maintaining a work environment free of discrimination. Defendant shall confirm in writing to EEOC within 45 days of the entry date of the Decree that the Policies and Procedures were distributed within 30 days of the entry date of the Decree.

10. Defendant shall provide all new employees with copies of the Equal Employment Opportunity and Anti-Discrimination Policies and Procedures and the Policy Summary within five days of the commencement of their employment. The Policy and Policy Summary will also be posted at Defendant's worksites in places visible to employees.

11. If Defendant wishes to modify its Equal Employment Opportunity and Anti-Discrimination Policies and Procedures, it shall do so only after submitting the modified Policies and Procedures to the EEOC for approval and receiving such approval in writing.

12. Within 30 days of the entry date of the Decree, Defendant shall provide four hours of equal employment opportunity and anti-discrimination training programs by outside independent contractors, EP Advisors, for all employees and an additional session of two hours for all supervisory and management employees. Within 10 days of each training session, Defendant shall provide EEOC with the attendance sheet that includes the date, the printed names and the signatures of those in attendance at each session. Such training will be conducted annually for the length of the Decree within 30 days of the anniversary of the entry of the Decree. Written confirmation of annual training must be provided to EEOC within 40 days of the anniversary of the Decree.

13. Within 30 days of the entry of the Decree, Defendant shall require Michael Shmuely to undergo eight hours of one-on-one training and counseling regarding federal laws prohibiting employment discrimination. The training and counseling will be provided by an outside independent contractor, EP Advisors. Within seven days of the training, Defendant must furnish

EEOC with documentation confirming that the training was completed. Such training will be conducted within 30 days following the third anniversary of the decree (March, 2011). Written confirmation of each training must be provided to EEOC within 20 days of the training.

14. Defendant shall provide equal employment and anti-discrimination training by requiring all new employees to watch the video entitled, "It's Not Just About Sex Anymore: Harassment and Discrimination in the Workplace" within 10 days of the commencement of their employment.

15. Within 10 days of the entry of the Decree, Defendant shall provide all current employees with a letter from EEOC attached as Exhibit E containing a description of the lawsuit and its outcome and employees' rights under federal employment discrimination law and how to contact EEOC.

16. Every three months beginning three months after the entry of the Decree, Defendant shall provide a written report to EEOC with information regarding any verbal or written complaints of discrimination from employees or applicants which were received during the preceding three months. The report shall include the name of the complainant, the name of the alleged harasser or discriminator, a list of steps taken by Defendant during the investigation, a summary of the complaint, the results of any investigation of the complaint, and any remedial action taken by Defendant.

17. EEOC may monitor Defendant's compliance with the Consent Decree through requesting documents or records reasonably related to the Decree.

18. Defendant shall pay \$180,000, all of which is allocated for compensatory damages, to resolve all claims in EEOC's Complaint in this matter. The settlement amounts for each claimant and the schedule of payment deadlines are outlined in Exhibit F (filed under seal). EEOC retains

the sole discretion as to the distribution of the settlement amounts to Charging Parties and other claimants in this matter. Defendant shall issue each claimant a 1099 tax form in the appropriate amount at the time of each payment. The interest from the funds shall be distributed to the Charging Parties and/or the additional claimants by EEOC at its sole discretion at the end of the payment schedule. By the 5th of each month following the entry of the Decree, Defendant shall place a minimum of \$5,000 into an interest bearing account at Moritt Hock, Hamroff & Horowitz LLP at 400 Garden City Plaza, Garden City, New York 11530. (Attn: Leslie Berkoff). Defendant shall make payments until the total figure reaches \$180,000, exclusive of interest. Defendant shall notify EEOC of each payment in writing within one day of payment. Defendant shall pay a late fee of \$500 for any payment which is more than five days late. In the event that the payment or installment of payment herein shall remain unpaid for 45 days past its due date, then the entire unpaid balance together with interest, legal fees and collection costs and liquidated sum of \$10,000 shall be immediately due and shall be enforceable under this Decree.

19. If within entry of this Consent Decree or of any payment made hereunder, Defendant commences, or a third party commences, any case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors, (a) seeking to have any order for relief of Defendant's debts, or seeking to adjudicate Defendant as bankrupt or insolvent; or (b) seeking appointment of a receiver, trustee, custodian, or other similar official for Defendant or for all or any substantial part of Defendant's assets, Defendant agrees as follows:

a. Defendant's obligations under this Agreement may not be avoided pursuant to 11 U.S.C. §§ 547 and 548, and Defendant shall not argue or otherwise take the position in any such case, proceeding, or action that: (i) Defendant's obligations under this Agreement may be avoided under 11 U.S.C. § 547; (ii) Defendant was insolvent at the time this Agreement was entered

into, or became insolvent as a result of the payment made to the EEOC; or (iii) the mutual promises, covenants, and obligations set forth in this Decree do not constitute a contemporaneous exchange for new value given to Defendant.

b. If Defendant's obligations under this Agreement are avoided for any reason, including, but not limited to, the exercise of a trustee's avoidance powers under the Bankruptcy Code, the EEOC, at its sole option, may rescind the releases in this Agreement, and bring any civil and/or administrative claim, action, or proceeding against Defendant for the claims that would otherwise be covered by the releases provided in this Decree. Defendant agrees that (i) Defendant shall not plead, argue, or otherwise raise any defenses under any theories of bankruptcy, statute of limitations, laches, estoppel, or similar theories, to any such civil or administrative claims, actions, or proceeding which are brought by the EEOC; and (ii) the EEOC shall have a valid claim against Defendant in the amount of \$180,000, and the EEOC may pursue its claim 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. Defendant acknowledges that its agreements in Paragraph 19 are provided in exchange for valuable consideration provided in this Consent Decree.

20. Inquires by prospective employers regarding claimants must be directed to Defendant's owner, Michael Shmuelly, who will respond by verifying dates of employment only.

21. Defendant will provide standard reference letters for each claimant that includes the employee's dates of employment as attached as Exhibit G.

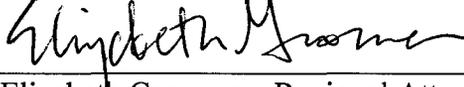
22. All submissions to EEOC listed herein shall be mailed to US EEOC, 33 Whitehall St., 5th Floor, New York, New York, 10004 (Attention: S. Chandy).

23. This Decree will remain in effect for four years from the date of entry. Upon the

entry of this Decree, the matter will be immediately closed, but the Court will retain jurisdiction to enforce this Decree.

Dated: 3/7/08

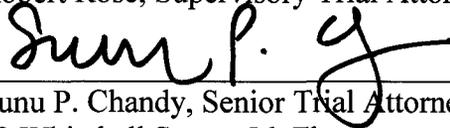
FOR PLAINTIFF EEOC



Elizabeth Grossman, Regional Attorney



Robert Rose, Supervisory Trial Attorney



Sunu P. Chandy, Senior Trial Attorney (SC-3535)

33 Whitehall Street, 5th Floor

New York, New York 10004

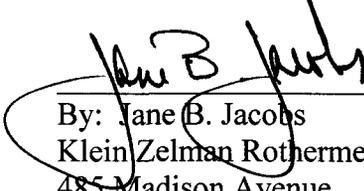
Telephone No. 212-336-3706

Facsimile No. 212-336-3623

Email Address: sunu.chandy@eoc.gov

FOR DEFENDANT BOOKS FOR LESS LLC

Dated: March 6, 2008



By: Jane B. Jacobs

Klein Zelman Rothermel LLP

485 Madison Avenue

New York, NY 10022

Telephone No. 212-935-6020

Facsimile No. 212-753-8101

Email Address: jbjacobs@kleinzelman.com

SO ORDERED, ADJUDGED, AND DECREED,

Signed this 10 day of March, 2008

/s/


HON. RAMON E. REYES, JR.

P.O. BOX 050 63, BROOKLYN NEW YORK 11206
PHONE: (718) 230-8838 FAX: (718) 857-5081



EXHIBIT A

March 6, 2008

Dear Former Employee of Books for Less:

As you know, Book for Less has been in litigation with the EEOC for some time now. We regret that the situation has come to this, and while we do not believe that we have done anything to violate the law, we have decided that it is better for everyone to put this behind us.

To that end, we are writing to tell you about some exciting developments at Books for Less. We are instituting a policy against harassment that includes a complaint procedure and investigation of all complaints. All employees will undergo yearly training in harassment and discrimination. All managers will undergo additional training in these areas. We are also donating books to charitable organizations.

We hope that through these efforts, all of us can work together to make Books for Less a stronger company and better place to work.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael Shmuelly".

Michael Shmuelly



U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
New York District Office

EXHIBIT B

NOTICE TO ALL EMPLOYEES OF BOOKS FOR LESS, LLC

This notice is posted pursuant to a Consent Decree entered into by and among Books For Less, LLC, Books For Less, Inc. and the U.S. Equal Employment Opportunity Commission ("EEOC"), in resolution of Case No. 06-CV-4577 filed by EEOC in the United States District Court for the Eastern District of New York. EEOC's Complaint alleges that Books For Less, LLC discriminated against employees because of their race, and/or their sex and that Books For Less LLC retaliated against employees who opposed discrimination or filed charges of discrimination.

Federal laws prohibit employers from discriminating against applicants and employees based on national origin, religion, race, color, sex, age or disability. Defendant agrees that it will not discriminate against any individual on any prohibited basis under federal employment discrimination law. Defendant will not retaliate against any individual who files a complaint of discrimination, or otherwise opposes discrimination.

Defendant has implemented an Equal Employment Opportunity and Anti-Harassment Policy and has distributed this Policy to all of its employees. Defendant has also agreed to provide training to all supervisors, managers and employees regarding their rights and responsibilities with respect to issues of workplace discrimination.

Should you have any complaints of discrimination, you may also contact EP Advisors at toll-free number: 877-368-1031, dial 9 and then dial ext. 201 or by email at: hearme@epadvisors.com, or you may contact:

Equal Employment Opportunity Commission ("EEOC")
1-800-669-4000
Website: www.eeoc.gov

THIS IS AN OFFICIAL NOTICE AND SHALL NOT BE DEFACED BY ANYONE

This notice must remain posted for four years from date of posting, until March 7, 2012.

Signed:

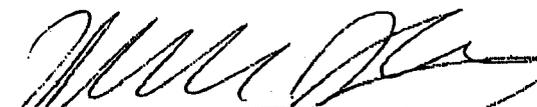

Michael Shmueli, Owner

EXHIBIT C

BOOKS FOR LESS LLC – POLICY SUMMARY ANTI-DISCRIMINATION POLICY & PROCEDURES

EQUAL EMPLOYMENT OPPORTUNITY POLICY

Books For Less, LLC is committed to a work environment in which all individuals are treated with respect and dignity, free from all forms of unlawful discrimination. It is our policy to ensure equal employment opportunity for all persons without discrimination on the basis of race, color, religion, national origin, age, sex, disability, veteran status, sexual orientation, marital status or any other basis prohibited under law. This policy applies to all employment practices such as hiring, training, promotion, compensation, discipline and termination. We will endeavor to make a reasonable accommodation to the known physical or mental impairments of a qualified applicant or employee with a disability, unless the accommodation would impose an undue hardship to the business. We will also make accommodations to religious practices unless doing so would create an undue burden.

ANTI-HARASSMENT POLICY

Every employee has the right to work free of sexual harassment or harassment based on any other characteristic as stated above. This policy prohibits harassment of employees, applicants or guests and prohibits harassment by outsiders, including customers, contractors or suppliers. Sexual harassment may include (a) unwelcome sexual advances, (b) request for sexual favors, or (c) other verbal comments, gestures or physical actions of a sexual nature. This policy refers to physical conduct and to verbal requests, demands, discussions or comments. This policy applies equally to men and women, to same and opposite sex relationships, to supervisor-subordinate relationships, and to co-worker relationships.

COMPLAINT PROCEDURE

Any employee who finds another person's behavior to be offensive may directly inform such other person that the conduct is offensive and must stop.

Any employee who believes that he or she has been harassed, discriminated against or retaliated against should report it to EP Advisors at toll free number: 877-368-1031, dial 9 and then, dial ext. 201. The complaint will be investigated and the complainant will be notified of the outcome of the investigation within a reasonable time period. As far as possible during the investigation the complaint will be kept confidential. If the complaint has merit, the company will take corrective action including disciplinary action, up to and including termination of employment.

RETALIATION

Retaliation against an individual for reporting discrimination or harassment, assisting in providing information for a claim, or otherwise opposing discrimination violates the law and will be treated with the same seriousness and strict discipline as would discrimination or harassment.

EQUAL EMPLOYMENT OPPORTUNITY/POLICY PROHIBITING WORKPLACE HARASSMENT

Books For Less, LLC (the "Company") is committed to a work environment in which all individuals are treated with respect and dignity, free from all forms of unlawful discrimination, harassment, and retaliation.

A. Equal Employment Opportunity

At our Company, we value diversity among our employees. It is the policy of the Company to ensure equal employment opportunity for all persons without discrimination on the basis of race, color, religion, national origin, age, sex, disability, veteran status, sexual orientation, marital status or any other basis prohibited under federal, state or local law. This policy of equal employment opportunity applies to all employment practices including, but not limited to, recruiting, hiring, promotion, training, discipline and compensation. The Company will endeavor to make a reasonable accommodation to the known physical or mental impairments of a qualified applicant or employee with a disability, unless the accommodation would impose an undue hardship on the operation of our business.

B. Prohibition of Workplace Harassment

Sexual harassment, or harassment based on any characteristic prohibited by law (including an employee's race, color, religion, national origin, sexual orientation, age or marital, veteran or disability status) violates the law, has no place in the work environment, and is strictly prohibited. It is Company policy that every employee has the right to work free of harassment, sexual or otherwise. This policy prohibits harassment of employees, applicants or guests by supervisors or non-supervisory employees. Harassment of employees or applicants by outsiders, including customers, contractors, suppliers and their employees who may have business with the Company is also prohibited and, depending on the Company's degree of control over such persons, the Company may take action consistent with this policy.

1. Sexual Harassment Prohibited

The following conduct constitutes sexual harassment and will not be tolerated:

Any (a) unwelcome sexual advances, (b) request for sexual favors, or (c) other verbal comments, gestures or physical actions of a sexual or otherwise offensive nature, under any of the following circumstances:

- (a) Coercing an individual to submit to such conduct as a term or condition of employment. This would include, but not be limited to, explicit or implicit promises, that in return for sexual favors, an individual will receive career advancement, or improvement in terms of work conditions or benefits of employment (e.g., evaluations, promotion, transfer, training, awards, compensation, assigned duties, etc.).

- (b) Using an individual employee's submission to or rejection of such conduct as the basis for an employment-related decision. This would include, but not be limited to, explicit or implicit threats that the employee's career or any terms, conditions or benefits of employment will be adversely affected if sexual advances or requests for sexual favors are rejected (e.g., non-promotion or transfer, reassignment to a less desirable position/location/work schedule, etc.).
- (c) Unreasonably interfering with an individual employee's work performance or creating an intimidating, hostile, or offensive working environment, whether intentionally or not. Offensive conduct covered by this last category would include, but not be limited to, deliberately provocative behavior, unwelcome sexual flirtations, advances or propositions, abusive language or gestures, overtures or statements of a sexual nature, unnecessary touching (e.g., patting, pinching, hugging, brushing up against another employee's body), graphic or verbal commentaries about an employee's body, sexually suggestive or explicit jokes, a display in the workplace of sexually suggestive objects or pictures (e.g., calendars, posters), the use of sexually degrading comments, or offensive nonverbal behavior (e.g., leering or staring).

This policy refers not only to physical conduct, but also to verbal requests, demands, discussions or comments, whether they are face to face, in writing, delivered electronically or on the telephone. This policy applies equally to men and women, to same and opposite sex relationships, to supervisor-subordinate relationships, and to peer relationships.

2. Other Forms of Harassment Prohibited

Offensive conduct that is based upon any other protected characteristic is equally unacceptable and prohibited. This type of conduct includes, but is not limited to, jokes or comments, a workplace display of offensive materials, the use of degrading language, the inappropriate use of e-mail, etc., where such conduct is based upon an individual's race, color, creed, religion, national origin, sex, sexual orientation, age, pregnancy or marital, veteran or disability status or other protected characteristic.

3. Employee Responsibility

Company personnel are urged to assist in preventing or eliminating workplace harassment by:

- (a) Supporting the Company's policy against workplace harassment, including sexual harassment;
- (b) Examining his or her behavior in the workplace;
- (c) Identifying and taking individual action to stop inappropriate behavior by

communicating directly and immediately with the person(s) whose behavior is offensive to you, if you are comfortable doing so; and

- (d) Informing the person's immediate supervisor or Human Resources regarding the matter.

C. Complaints

Any employee who finds another person's behavior to be offensive and who is comfortable doing so may directly inform such other person that the conduct is offensive and that it must stop. In any event, employees also are encouraged to use this complaint procedure either initially or in the event the offending conduct does not stop. Any employee who believes that he or she has been harassed, discriminated or retaliated against in violation of this policy by any employee, supervisor, or any other person in connection with employment with the Company, should follow the procedures outlined below without fear of retaliation and, to the maximum extent possible, with an assurance of confidentiality and discretion, consistent with our ability to conduct an investigation of the complaint. If the complaint has merit, the Company will take corrective action. Violators of this policy will be subject to disciplinary action, up to and including unpaid suspension and/or termination of employment.

1. Procedure¹

- (a) An employee who believes that he or she has been subject to discrimination, harassment (sexual or otherwise), or retaliation should report the incident immediately to Diane Pfadenhauer at EP Advisors at 877-368-1031, dial 9 and then, dial ext. 201.
- (b) Immediate reporting by employees of any instance of discrimination, harassment, or retaliation will enable the Company to investigate and resolve any problem promptly, effectively, and fairly. All reported allegations of discrimination, harassment, or retaliation will be investigated. The investigation may include individual interviews with the people involved and, where necessary, with individuals who may have observed the alleged conduct or may have relevant information. Under no circumstances shall the person responsible for the alleged violation participate in conducting the investigation. The question of whether a particular action or incident is prohibited requires a determination based on all of the facts available in the

¹ We encourage our employees to utilize this internal complaint procedure to resolve complaints. However, in addition to the Company's internal complaint procedure, employees may file charges of unlawful harassment or discrimination with the federal Equal Employment Opportunity Commission (EEOC) and state agencies within their states. A complaint must be filed with the EEOC usually within 300 days of the harassment/discrimination, although there are some circumstances where filing is required in shorter time frames. State agencies may have different deadlines. Please note, however, that these deadlines run from the date of alleged harassment/discrimination and do not run from the date that any internal complaint to the Company is resolved.

matter. It is incumbent upon the person investigating the complaint to ensure that the alleged incident and the investigatory process are appropriately documented.

- (c) Upon completion of the investigation, the matter will be reviewed with appropriate senior management of the Company and a decision will be made regarding discipline, if any, for the responsible individual(s) and, if appropriate, redress for the aggrieved employee. It is the Company's goal to reach a decision as promptly as possible.
- (d) Once a decision or decisions have been made in accordance with paragraph (c) above, the Company shall inform the aggrieved employee and the responsible individual(s), to the extent appropriate.

2. Confidentiality

Confidentiality will be maintained throughout the investigatory process to the extent practical and appropriate, consistent with the Company's ability to conduct an investigation. All records and data assembled in connection with the investigation of the complaint shall be kept separate and apart from the relevant individuals' personnel files. Any record of disciplinary action resulting from a complaint of discrimination, harassment, or retaliation shall be included in the personnel file of the disciplined employee(s). In addition, in order to minimize needless rumors and other adverse consequences, any employee bringing a complaint, or assisting in the investigation of a complaint, should use his or her best efforts to keep the complaint and investigation process strictly confidential, except to the extent necessary to pursue the complaint.

D. Protection Against Retaliation

Retaliation against an individual for reporting discrimination or harassment, or assisting in providing information relevant to a claim of discrimination or harassment, is a serious violation of this policy and will be treated with the same strict discipline as would the harassment itself. Acts of retaliation should be reported immediately and will be promptly investigated and handled in accordance with the above complaint procedure.

E. False Or Malicious Accusations

Knowingly false or malicious complaints of discrimination, harassment, or retaliation, as opposed to complaints which, even if erroneous, are made in good faith, may be the subject of appropriate disciplinary action, up to and including unpaid suspension and/or termination of employment.



EXHIBIT D

March 6, 2008

Dear BFL Employee:

Enclosed you will find a copy of BFL's new policy against harassment and discrimination. We at BFL are deeply committed to these policies. To that end, in the next month all of you will receive training about these issues and about our specific policy.

It is our hope that we can all work together to make BFL a stronger company and a better place to work.

Very truly yours,

Michael Schmuely

EXHIBIT E



Sunu P. Chandy
Senior Trial Attorney
Phone (212) 336-3706
Fax (212) 336-3623
sunu.chandy@eoc.gov

**U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
New York District Office**

33 Whitehall Street, 5th Floor
New York, NY 10004-2112
For General Information: (800) 669-4000
TTY: (800)-669-6820
District Office: (212) 336-3721
General FAX: (212) 336-3625

March 7, 2008

Dear current employees of Books For Less, LLC:

The United States Equal Employment Opportunity Commission ("EEOC") is the federal government agency responsible for enforcing laws relating to employment discrimination. As you may be aware, on August 24, 2006, the New York office of the EEOC filed a lawsuit against Books For Less on behalf of employees who brought charges of discrimination based on their sex (female) and/or race (black). EEOC also filed this lawsuit on behalf of employees who state they were retaliated against for complaining about discriminatory treatment and/or filing Charges of Discrimination, and/or cooperating with EEOC. The lawsuit was resolved by EEOC and BFL in March 2008 on behalf of over 20 former BFL employees. We thank these employees for raising so many important issues that will now lead to many improvements at the BFL workplaces. Without admitting the allegations, BFL voluntarily agreed to resolve this lawsuit. EEOC appreciates BFL's decision to institute new policies and procedures that promote equal employment in the workplace.

One goal of this lawsuit was to prevent future harassment, discrimination and retaliation at BFL through changes in the company. These changes include providing equal employment and anti-discrimination training for the owner and all the managers and employees and distributing these types of policies. A second goal of this lawsuit was for employees to have clear complaint procedures if they feel they are facing harassment or discrimination. As such, employees are being informed through BFL's new policies that they may bring discrimination complaints to EP Advisors at toll-free number, 877-368-1031, dial 9 then dial ext. 201. Please note that all complaints will be investigated and employees will be informed of the outcome of the complaint in a timely manner. Any such complaints will be reported to EEOC by BFL for monitoring purposes for four years. You may also contact EEOC directly regarding your complaints at 800-669-4000 though you are encouraged to first bring your complaint to EP Advisors.

Finally, EEOC's lawsuit should educate employees and employers about their rights and responsibilities, including the law against retaliation. It is critical that employees are aware that BFL is not allowed to retaliate against any employee for bringing a complaint of harassment or discrimination, for filing a Charge with EEOC, or cooperating in any EEOC investigation or lawsuit. Please note that it is a serious violation of federal law for BFL or any employer to discourage you, threaten you or otherwise interfere with your right to oppose discrimination. You have the right to file an internal or external complaint, assist others who may want to file and give support for someone else's charge, or otherwise stand up against discrimination. We hope that your employment with BFL will be a positive experience for you.

Sincerely,

A handwritten signature in black ink that reads "Sunu P. Chandy".

Ms. Sunu P. Chandy

EXHIBIT F

SETTLEMENT AMOUNTS/ SCHEDULE OF PAYMENTS

NOTE: THIS DOCUMENT IS FILED UNDER SEAL

P.O. BOX 050163, BROOKLYN NEW YORK 11205
PHONE: (718) 230-8838 FAX: (718) 857-5061



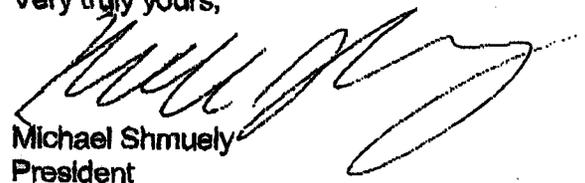
EXHIBIT G

March 6, 2008

To Whom This May Concern:

This is to confirm that Christina Rush was employed by Books for Less, LLC,
from July 26, 2005 to February 1, 2006.

Very truly yours,


Michael Shmuelly
President