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SETTLEMENT AGREEMENT

This Settlement Agreement ("this Agreement") dated effective as of September 8, 2009 (the "Effective Date") is entered into by and between AEG Facilities, Inc.; Craig Leipold; DGB Investments, Inc.; Federal Deposit Insurance Corporation, as Receiver for Security Pacific Bank; Heritage Bank of Commerce; Modern Bank, N.A.; and Valley Community Bank (each a "Claimant" and, collectively, "Claimants" and each Claimant that executes this Settlement Agreement shall be referred to as a "Settling Claimant"), on the one hand, and D. Jonathan Merriman ("D. J. Merriman"), Rob Ford ("Ford"), Merriman Curhan Ford Group, Inc. ("MCF") and Merriman Curhan Ford & Co., Inc. ("MCF Co."), collectively referred to as the "Merriman defendants," on the other hand. The Settling Claimants and the Merriman defendants are collectively referred to herein as "the Parties."

RECITALS OF FACT

WHEREAS, MCF is a Delaware corporation whose shares are listed on the NASDAQ, whose subsidiary, MCF Co. is a broker-dealer regulated by Financial Industry Regulatory Authority ("FINRA") and the Securities and Exchange Commission ("SEC").

WHEREAS, D. Jonathan Merriman is one of the founders of MCF and currently serves as the Chief Executive Officer of MCF, and Rob Ford also is one of the founders of MCF and currently serves as the head of MCF Services Group.

WHEREAS, Claimants have asserted various claims for damages against the Merriman defendants arising out of loans made by Claimants to William J. Del Biaggio III ("Del Biaggio") and/or Sand Hill Capital Partners III, LLC ("Sand Hill") totaling approximately \$43.5 million (the "Claims"), as more particularly set forth in Schedule A to this Settlement Agreement.

WHEREAS, the Merriman defendants deny liability for the Claims, but are willing to agree to resolve such Claims so as to eliminate the risks, burdens and expenses of litigation.

(b)(4) WHEREAS, XL Specialty Insurance Company ("XL") issued Management Liability and Company Reimbursement Policy No. [redacted] to MCF (the "Management Liability Policy"), and Federal Insurance Company ("FIC"), issued Financial Institutions Securities Dealer Blanket Bond, Policy No. [redacted] to MCF Co. (the "Fidelity Policy"), which Management Liability Policy and Fidelity Policy may be available to provide indemnification and cover certain other costs of the Merriman defendants related to the Claims.

WHEREAS, on or about January 14, 2009, MCF filed suit against XL (the "XL Insurance Litigation") seeking coverage for, *inter alia*, some of the Claims as well as MCF's defense fees and costs incurred in defending against some of the Claims and related matters.

WHEREAS, XL has asserted that it has no obligation to provide a defense or indemnification to any party in connection with any aspect of the Claims.

WHEREAS, the Claimants have made a demand for settlement of the Management Liability Policy, on which XL refused to pay out.

WHEREAS, the Merriman defendants and the Claimants desire to reach a global settlement of any and all claims of each Claimant on the terms and conditions set forth herein, and preserve certain rights for the benefit of the Claimants.

WHEREAS, concurrently with the execution of this Agreement by at least five or more Settling Claimants and the Merriman defendants, MCF Co. shall assign all of its rights under the Management Liability Policy and Fidelity Policy and any of the claims against XL and/or FIC arising out of or relating to underlying civil claims and government investigations to MCF.

AGREEMENT

NOW, THEREFORE, in view of the foregoing, the Merriman defendants and the Settling Claimants hereby agree to the following:

1. **The Settlement Amount.**

a. **Initial Cash Payment.** The Merriman defendants shall pay, and shall be jointly and severally liable to pay, to Settling Claimants within twelve (12) business days of the execution of this Agreement by the Merriman defendants and five or more Settling Claimants, a cash payment to each Settling Claimant in an amount equal to 10% of the value of that Claimant's Claim, as set forth in Schedule A (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages (as defined below)), up to an aggregate payment of \$4,300,000 (the "Initial Cash Payment").

b. **Payment of Initial Insurance Litigation Proceeds.** D. J. Merriman, Ford and MCF shall pay, and shall be jointly and severally liable to pay a further \$10,000,000, which amount, however, shall be paid only from the Initial Insurance Litigation Proceeds (as defined in Paragraph 2.b.(1) below), if any. Said proceeds shall be in addition to the Initial Cash Payment, and shall be paid to and divided proportionally amongst the Settling Claimants pursuant to the Settlement Percentage of each Claimant as set forth in Schedule A (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages), and in the manner described in Paragraph 2.b.(1) below, which such amount shall be secured by and payable only from the Initial Insurance Litigation Proceeds (collectively with the Initial Cash Payment, the "Cash Payment"). For the avoidance of doubt, if there are no Initial Insurance Litigation Proceeds or if the Initial Insurance Litigation Proceeds are insufficient to fund the remaining \$10,000,000, the Merriman defendants shall have no obligation to pay any portion of the remaining \$10,000,000; it being understood that the Settling Claimants shall look solely to the Management Liability Policy and/or the Fidelity Policy and/or any litigation related thereto for recovery and payment of the remaining \$10,000,000.

c. **Supplemental Cash Payment.** Any Supplemental Insurance Litigation Proceeds, as defined in Paragraph 2.b.(2) below, shall be payable to the Settling Claimants in cash in the manner described in Paragraph 2.b.(2) below, to be divided proportionally amongst the Settling Claimants pursuant to the Settlement Percentage of each Claimant as set forth in Schedule A (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages).

d. Cash Payments and Issuance of Warrants When Less than All Claimants Settle.

This Agreement shall be effective only after all of the Merriman defendants and at least five Claimants execute this Agreement on or before September 8, 2009. If, by the later of September 8, 2009 or 10 days after this Agreement is fully executed by the parties, less than all of the Claimants have executed this Agreement, then only the Settling Claimants, along with any other Claimant that has given written notice of its intention to participate in this Agreement upon proper authorization by its governing body, shall receive the Cash Payments set forth in Paragraphs 1.a. and b. above and the Warrants set forth in Paragraph 1.e. below, and the Settlement Percentage of the non-settling Claimants shall be allocated and distributed equally amongst the Settling Claimants and the Claimants that have given written notice of intent to participate in this Agreement and the Settlement Percentages shall be modified accordingly ("Adjusted Settlement Percentages"). If any Claimant gives notice of intent to participate in the settlement, but thereafter does not execute this Agreement within 30 days of giving such notice, then that Claimant shall be deemed a non-settling Claimant, and the Settlement Percentage of such Claimant shall be allocated and distributed equally amongst the Settling Claimants.

e. Warrants.

(1) Within twelve (12) business days of the execution of this Agreement by the Merriman defendants and five or more Settling Claimants, MCF shall issue Warrants to purchase an aggregate of 1,538,461 shares of the common stock of MCF to the Settling Claimants, to be divided proportionally amongst the Claimants pursuant to the Settlement Percentage of each Claimant as set forth in Schedule A (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages). Each Warrant will represent the right to purchase one share of common stock of MCF ("Warrant Shares") and shall be in the form attached as Exhibit A. Each Settling Claimant and MCF shall execute that certain Investor's Rights Agreement in the form attached hereto as Exhibit B (the "IRA").

(2) Further, to the extent that MCF and/or MCF Co. receive payments under Paragraphs 2(b)(1)(b) or (c), MCF shall issue Warrants, to be divided proportionally amongst the Settling Claimants pursuant to the Settlement Percentage of each Settling Claimant as set forth in Schedule A (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages), as follows:

(a) For payments received under Paragraph 2(b)(1)(b), a number of Warrants to purchase MCF common stock equal to the dollar amount of such payment divided by the exercise price of said Warrants, which such exercise price to be equal to the five day average of the closing price of the common stock of MCF (such five days to start on the business day after the receipt of the aforementioned funds), and on such terms and conditions identical to the Warrants issued pursuant to Paragraph 1(e)(1), with the exception that the exercise period of the Warrant shall be extended by the period of time from the Effective Date until the payment under Paragraph 2(b)(1)(b) is received by MCF, minus one year.

(b) For payments received under Paragraph 2(b)(1)(c), a number of Warrants to purchase MCF common stock equal to one-third of the dollar amount of such payment divided by the exercise price of said Warrants (calculated in accordance with paragraph 1(e)(2)(a) above), and on such terms and conditions identical to the Warrants issued pursuant to Paragraph 1(e)(1), with the exception that the exercise period shall be extended by the period of time from the Effective Date until the payment under Paragraph 2(b)(1)(c) is received by MCF, minus one year.

(c) In no event, however, shall the Warrant exercise period for these two potential Warrants grants be less than the period provided for with respect to the Warrants issued pursuant to Paragraph 1(e)(1).

(d) Prior to the issuance of any Warrants issuable pursuant to this Paragraph 1(e), any Settling Claimants may assign its right to receive Warrants to any other Settling Claimant. Notice of such assignment shall be provided by a signed writing addressed to MCF, signed by both the assigning Claimant and the Claimant to whom the right to receive is assigned.

(e) For those Warrants made available pursuant to Paragraph 1(e)(2)(a) and 1(e)(2)(b), such Warrants shall be made available within 12 business days after the fifth day used to calculate the five day average specified in those Paragraphs.

2. **Pursuit of Insurance Litigation and Payment of Insurance Proceeds.** MCF, D. J. Merriman and Ford (collectively, the "MCF Co-Defendants"), shall use their reasonable best efforts to obtain a recovery in the XL Insurance Litigation. The MCF Co-Defendants may also pursue, but shall not be required to pursue, recovery under the Fidelity Policy; but, upon the written demand by the Oversight Committee, shall assign any and all rights of MCF and/or MCF Co. under the Fidelity Policy to the Settling Claimants and shall cooperate fully and completely with such Settling Claimants' prosecution of the Fidelity Insurance Litigation. The XL Insurance Litigation and any litigation necessary to obtain coverage for the Claims under the Fidelity Policy, as well as any insurance settlement negotiations related thereto, shall be referred to herein collectively as the "Insurance Litigation." For purposes of this provision, "reasonable best efforts" shall include, among other things, that MCF shall pay reasonable and timely expenses of the XL Insurance Litigation, up to an aggregate of \$200,000 ("Aggregate Legal Expenses"), of which \$100,000 shall be deposited within twelve (12) business days of the execution of this Agreement in the Client Trust Account of MCF Counsel (as hereinafter defined), with additional deposits in increments of \$25,000 due from MCF any time the Client Trust Account falls below \$50,000 until such time as MCF has deposited the Aggregate Legal Expenses. The MCF Co-Defendants shall cooperate fully and completely with the prosecution of the Insurance Litigation, including, but not limited to, making witnesses and documents available in pursuit of the Insurance Litigation, and directing its employees, officers and directors to perform such reasonable assistance as insurance counsel deems appropriate to maximize any potential recovery.

a. The MCF Co-Defendants shall retain legal counsel, and from time to time, the MCF Co-Defendants may associate additional legal counsel or substitute other legal counsel (collectively, "MCF Counsel"), to represent the MCF Co-Defendants in the XL Insurance Litigation on a contingent fee basis, subject to the approval of the Oversight Committee, described below. The terms and conditions of the contingent fee agreement between the MCF Co-Defendants and MCF Counsel, and any amendments thereto (collectively, the "Contingent Fee Agreement") shall be subject to the approval of the Oversight Committee.

b. The MCF Co-Defendants hereby assign a first priority security interest in, and shall distribute to, the Settling Claimants the proceeds of the Insurance Litigation, whether received by settlement or judgment, in the manner and in the amounts described below:

(1) Initial Insurance Litigation Proceeds.

"Initial Insurance Litigation Proceeds" is defined to include any and all proceeds of the Insurance Litigation up to and including the amounts necessary to pay the Settling Claimants the

full amount of the Cash Payments described in Paragraph 1.a. and b. above. The Initial Insurance Litigation Proceeds shall be assigned and distributed in the manner and amounts set forth in this Paragraph 2.b.(1), until such time that the MCF Co-Defendants have paid the full Cash Payment described in Paragraph 1.b. above:

(a) First, to MCF Counsel pursuant to the terms and conditions of the Contingent Fee Agreement;

(b) Second, as to any amounts up to \$2,500,000, then 95% to the Settling Claimants, to be divided proportionally amongst the Settling Claimants pursuant to the Settlement Percentage of each Settling Claimant as set forth in Schedule A, (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages), and the remaining 5% to MCF;

(c) Third, as to any amounts in excess of \$2,500,000, up to and including \$5,000,000, then 85% to the Settling Claimants, to be divided proportionally amongst the Settling Claimants pursuant to the Settlement Percentage of each Settling Claimant as set forth in Schedule A (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages), and the remaining 15% to MCF; and

(d) Fourth, as to any amounts in excess of \$5,000,000, then 75% to the Settling Claimants, to be divided proportionally amongst the Settling Claimants pursuant to the Settlement Percentage of each Claimant as set forth in Schedule A (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages), and the remaining 25% to MCF.

(2) "Supplemental Insurance Litigation Proceeds"

"Supplemental Insurance Litigation Proceeds" shall be defined to include any and all proceeds on the Insurance Litigation in excess of the Initial Insurance Litigation Proceeds. The Supplemental Insurance Litigation Proceeds shall be distributed 50% to the Settling Claimants pursuant to the Settlement Percentage of each Claimant as set forth in Schedule A (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages), and the remaining 50% to MCF.

c. MCF shall remain solely responsible for any amounts owing, as of the Effective Date, to any law firms, accountants, or other consultants who have represented MCF and/or MCF Co. in connection with, among other things, the Claims, claims against the Management Liability Policy or the Fidelity Policy, or negotiation of this Settlement Agreement. Under no circumstances shall proceeds of the Insurance Litigation be used to pay any of these liabilities of MCF, except out of amounts paid to MCF pursuant to Paragraph 2.b.(1) above.

d. Insurance Litigation Oversight Committee. The MCF Co-Defendants shall form an insurance litigation oversight committee comprised of two members of MCF management and of representatives of no less than five Settling Claimants, and as to which each Settling Claimant

shall be entitled to participate (the "Oversight Committee"). The Parties acknowledge Claimants' common interest with the MCF Co-Defendants in the Insurance Litigation because, among other things, of Claimants' security interest in the proceeds of the Insurance Litigation and, therefore, the Claimants are a necessary party to any attorney-client communication subject to the execution of a confidentiality agreement by each Settling Claimant that requires such Settling Claimant to preserve the confidences and work product related to the Parties' common interest in the Insurance Litigation. The Oversight Committee shall, upon reasonable notice and not more frequently than once every thirty (30) days, be given reasonable access to the work product and materials related to the Insurance Litigation provided to the MCF Co-Defendants by MCF Counsel so long as, in the judgment of MCF Counsel, Claimants continue to have a common interest with the MCF Co-Defendants in the litigation because of Claimants' security interest in the proceeds of the Insurance Litigation. Therefore, the activities contemplated by this paragraph will not constitute a waiver of the attorney client privilege. Subject to such determination by MCF Counsel, the Oversight Committee shall also be entitled to participate in regularly scheduled meetings with MCF Counsel and shall be permitted to be kept promptly informed of the work of MCF Counsel to ensure that any and all actions in the MCF Litigation are diligently pursued. The Oversight Committee shall act by majority vote, and all parties shall abide by the majority vote of the Oversight Committee with respect to the prosecution or settlement of the Insurance Litigation. The Oversight Committee shall select one of its members to be the lead contact with MCF Counsel. For avoidance of doubt, it is the intention of the Parties that the Settling Claimants will not be clients of retained contingency counsel.

e. Security Interests and Financing Statement. In order to secure the payment and performance of the MCF Co-Defendants' obligations under this Agreement, the MCF Co-Defendants hereby grant a first priority security interest in favor of the Settling Claimants in (a) any and all proceeds of the Insurance Litigation and the Fidelity Policy up to the amount of the Claims, excepting any payments due to MCF Counsel under paragraph 2.b(1)(a); and (b) any and all accounts, contract rights, claims, chose in action, and commercial tort claims held by each of the MCF Co-Defendants against XL, including, but not limited, to the Insurance Litigation and/or FIC with respect to the Fidelity Policy, excepting any payments due to MCF counsel under paragraph 2.b(1)(a). Upon execution of this Agreement, MCF shall provide a UCC-1 financing statement listing all of the Settling Claimants, which shall perfect the security interests granted hereunder, and MCF shall cause its counsel to file and promptly forward receipted copies of the statement to Settling Claimants at the time the MCF Co-Defendants make the Initial Cash Payment.

3. **MCF Covenant Against More Favorable Settlements.** If less than all Claimants execute this Agreement, then the Merriman defendants warrant and agree that they will not later settle with any such non settling Claimant on terms more favorable than provided for in this Settlement Agreement, unless the Merriman defendants first provide further consideration necessary to ensure that the Claimants entering into this Settlement Agreement obtain at least as favorable terms as any later settling Claimant. Failure of the Merriman defendants to provide such additional consideration shall be considered a material breach of this agreement, and each Claimant may elect, in its sole discretion, to rescind the agreement, or to enforce, jointly and severally against the Merriman defendants, the promise to provide additional consideration contained in this Paragraph.

4. **Intentionally deleted.**

5. **Solvency.** MCF warrants that it has reviewed its financial situation and that it currently is solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I) and California Civil Code Sections 3439.04(a)(2)(B) and 3439.05, and that it shall remain solvent following its payment to the Claimants of the Settlement Amount. Further, the Parties warrant that, in evaluating whether to execute this Agreement, they (a) have intended that the mutual promises, covenants, and obligations set forth constitute a contemporaneous exchange for new value given to the Merriman defendants, within the meaning of 11 U.S.C. § 547(c)(1); and (b) conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended to and do, in fact, represent a reasonably equivalent exchange of value that is not intended to hinder, delay, or defraud any entity to which any of the Merriman defendants are or became indebted, on or after the date of this transfer, all within the meaning of 11 U.S.C. § 548(a)(1) and California Civil Code Section 3439.04(a)(1).

6. **Bankruptcy.** If, within 91 days of the Effective Date of this Agreement or any payment made under this Agreement, MCF or MCF Co. 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 the debts of MCF or MCF Co., or seeking to adjudicate MCF or MCF Co. as bankrupt or insolvent; or (b) seeking appointment of a receiver, trustee, custodian, or other similar official for MCF or MCF Co. or for all or any substantial part of the assets of MCF or MCF Co., then the Merriman defendants agree as follows:

a. The obligations of MCF and MCF Co. under this Agreement may not be avoided pursuant to 11 U.S.C. §§ 547 or 548, or California Civil Code Sections 3439 et. seq., and neither MCF nor MCF Co. shall argue or otherwise take the position in any such case, proceeding, or action that: (i) the obligations of the Merriman defendants under this Agreement may be avoided under 11 U.S.C. §§ 547 or 548, or California Civil Code Sections 3439 et. seq.; (ii) MCF or MCF Co. was insolvent at the time this Agreement was entered into, or became insolvent as a result of the Cash Payment made to the Claimants 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 the Merriman defendants.

b. If the Merriman defendants' obligations under this Agreement are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, each of the Claimants, at their sole option, may rescind the releases in this Agreement, and bring any claim, action, or proceeding against any or all of the Merriman defendants for the claims that would otherwise be covered by the releases provided in Paragraph 8 below. The Merriman defendants agree that (1) any such claims, actions, or proceedings brought by the Claimants shall not be subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) or any other applicable injunction or stay as a result of the action, case, or proceeding described in the first clause of this Paragraph, and that the Merriman defendants hereby irrevocably and absolutely waive the automatic stay of 11 U.S.C. § 362(a) or any other applicable injunction or stay to the extent necessary to permit the Settling Claimants to enforce their rights, remedies and claims under this Agreement; and (2) that the Merriman defendants

shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any such claims, actions, or proceedings that are brought by the Claimants within 180 calendar days of written notification to the Merriman defendants that the releases herein have been rescinded pursuant to this Paragraph, except to the extent such defenses were available on the Effective Date of the Agreement.

c. The Merriman defendants acknowledge that their agreements in this Paragraph are provided in exchange for valuable consideration provided in this Agreement.

7. **Dismissal of State Court Litigation.** Each Claimant that has filed a suit against the Merriman defendants and/or the MCF Parties (as defined in Paragraph 8(a)(2)) in respect of its Claim, as more particularly described on Schedule A, shall execute a Dismissal of the State Court Litigation against the MCF Parties, if any, without prejudice (the "State Court Dismissal"). Each Claimant shall deliver the State Court Dismissal to counsel for MCF within five (5) business days of receiving the Initial Cash Payment of the Settlement Amount described in Paragraph 1.a.

8. **Mutual Release.** For the purposes of this Mutual Release:

a. Terms:

(1) "Claimant Parties" means each Claimant and its directors, officers, employees, agents, affiliates, and professionals.

(2) "MCF Parties" means the Merriman defendants, together with, in the case of MCF and MCF Co., each of its current directors, officers and employees. The MCF Parties do not include, however, David Scott Cacchione.

(3) The "Subject Claims" means any and all claims of whatsoever type or nature that in any manner related to the matters identified in the Recitals or the relationship between the Claimant Parties and the MCF Parties existing on or before the Effective Date. The Subject Claims do not include the obligations of the Parties under this Agreement

b. Releases:

(1) The MCF Parties hereby release and forever discharge Claimant Parties from any and all Subject Claims.

(2) Effective upon execution of this agreement by each of the Merriman defendants, and payment to each Claimant of the Initial Cash Payment portion of the Settlement Amount, Claimant Parties shall release and forever discharge the MCF Parties from any and all Subject Claims; it being understood that in no event shall the Claimant Parties' release be construed to release and discharge claims such Claimants may have against third parties, including, but not limited to, claims against Del Biaggio, Sand Hill and others.

Each of the Parties has considered the possibility that he or it may not now fully know the number or magnitude of all the Subject Claims, which he or it has or may have against the other party hereto, but nevertheless intends to assume the risk that he or it is releasing such unknown

claims, and agrees that this Mutual Release is a full and final release of any and all Subject Claims and/or Subject Claims, as the case may be, and expressly waives the benefits of Section 1542 of the California Civil Code and all similar statutes, which Section provides:

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

c. It is understood and agreed that this is a compromise settlement of disputed claims, and that this Mutual Release shall not be construed as an admission of liability by any of the Parties hereto.

9. **No Assignment.** All Parties represent and warrant that each is the only person or entity who, to its knowledge, has any interest in any claims, causes of action, costs or demands herein released and that none of such claims, causes of action, costs or demands, nor any part thereof, have been assigned, granted or transferred in any way to any person, persons, entity or entities.

10. **Representation and Warranties.** The Merriman defendants and each Settling Claimant represents and warrants that (a) each has freely and voluntarily entered into this Settlement Agreement, (b) that no representations or promises of any kind other than as contained in this Settlement Agreement have been made by any party to induce them to enter into this Settlement Agreement, and (c) they have been fully advised by their attorneys concerning their rights and have further been advised by their attorneys as to the terms and effects of this Settlement Agreement. Each Settling Claimant represents and warrants that Schedule A accurately reflects their respective alleged claim and the related case number.

11. **Interpretation.** This Agreement is to be construed simply and fairly, and not strictly in favor of or against MCF, MCF Co., D. J. Merriman, Ford, or any Settling Claimant. This Agreement was prepared and negotiated jointly by the Parties. This Agreement may be modified or amended only in writing signed by all Parties.

12. **No Indemnification.** Nothing in this Settlement Agreement shall be interpreted as a promise or an agreement to indemnify.

13. **Governing Law.** This Settlement Agreement shall be governed by the laws of the State of California without regard to California's choice of law analysis, except to the extent the laws of the United States are applicable.

14. **Attorneys' Fees.** Each party shall be responsible for the payment of his or its own attorneys' fees and costs, and all of their expenses in connection with the matters referred to in this Settlement Agreement, provided however, that this paragraph shall not affect any obligations that may be owed to MCF counsel under a contingent fee agreement. Nevertheless, in any action or proceeding to enforce this Settlement Agreement, the prevailing party shall be entitled to his, her or its attorneys' fees and costs.

15. **Sole and Only Agreement.** The Parties hereby agree that this instrument (and its schedules) constitutes the sole and only agreement between the Parties with respect to the subject matter hereof and correctly sets forth the rights, duties and obligations of each to the other as of its date. The terms of this Settlement Agreement are contractual and not mere recitals. This Settlement Agreement is executed without reliance upon any representation by any person concerning the nature or extent of injuries or legal liability therefor, and the Parties hereto have carefully read and understand the contents of this Settlement Agreement and sign the same as their own free act. Any modification of this Agreement shall require the unanimous written consent of all Claimants.

16. **Successors and Assigns.** This Settlement Agreement shall inure to the benefit of and bind the successors, assigns, heirs, executors and administrators of the Parties.

17. **Captions.** The captions of this Settlement Agreement are for convenience only and are not a part of this Settlement Agreement and do not in any way limit or amplify the terms and provisions of this Settlement Agreement and shall have no effect on its interpretation.

18. **Counterparts.** This Settlement Agreement may be executed in counterparts, by either an original signature or signature transmitted by facsimile transmission, pdf or other similar process and each copy so executed shall be deemed to be an original and all copies so executed shall constitute one and the same agreement.

19. **Notice.** Any notice required or permitted to be given by this Agreement shall be in writing and shall be deemed given (1) when delivered in person, (2) when dispatched by facsimile or electronic mail transfer (confirmed in writing by postage prepaid first class air mail simultaneously dispatched), (3) when sent by internationally-recognized overnight courier service (with receipt confirmed by such overnight courier service), or (4) when sent by registered or certified mail, to the other party at the address of such parties set forth below or at such other address as such party may from time to time specify in writing to the other party in accordance with this Paragraph 19.

To Claimants:

AEG Facilities, Inc.
Attn: Ted Fikre and Dan Beckerman
800 West Olympic Blvd, Suite 305,
Los Angeles, CA 90015

(b)(4),(b)(6)

With a copy to:

Meryl Macklin, Esq.
Holme Roberts & Owen
560 Mission St., 25th Fl
San Francisco, CA 94105

(b)(4),(b)(6)

Craig Leipold
555 Main Street
Suite 500
Racine, WI 53403

With a copy to:

David Rosenbloom
McDermott Will & Emery LLP
224 W. Monroe, Suite 4400
Chicago, IL 60606

DGB Investments, Inc.
40 Fox Hill Road
Woodside, CA 94062

With a copy to:

Michael H. Steinberg, Esq.
Sullivan & Cromwell LLP
1888 Century Park East, Suite 2100
Los Angeles, CA 90067

Federal Deposit Insurance Corporation,
as Receiver for Security Pacific Bank
Bob J. Rogers, Esq.
1601 Bryan Street, Room 15068
Dallas, TX 75201

With a copy to:

Andrew S. Pauly
Greenwald, Pauly, Foster & Miller
1299 Ocean Avenue, Suite 400
Santa Monica, CA 90401

Heritage Bank of Commerce
150 Almaden Blvd.
San Jose, CA 95113
Attn: Mr. Michael Ong, Executive Vice
President/Chief Risk Officer

(b)(4),(b)(6)

Fax: [Redacted]

(b)(4),(b)(6)

With a copy to:

Richard A. Rogan, Esq.
Jeffer, Mangels, Butler & Marmaro
Two Embarcadero Center, 5th Floor
San Francisco, CA 94111

(b)(4),(b)(6)

Fax: [Redacted]

(b)(4),(b)(6)

Anthony Burke, President
Modern Bank, N.A.
667 Madison Avenue
New York, NY 10075

With a copy to:

Jonathan Weinberg
Modern Bank, NA
667 Madison Avenue
New York, NY 10075

Daniel K. Slaughter
Stein & Lubin LLP
600 Montgomery Street, 14th Floor
San Francisco, CA 94111

(b)(4),(b)(6)

Greg Hickel
Executive Vice President
Chief Credit Officer
Valley Community Bank
P.O. Box 1497
Pleasanton, CA 94566

With a copy to:

Bruce E. Copeland
Nixon Peabody LLP
One Embarcadero Center
18th Floor
San Francisco, CA 94111-3600

To MCF, MCF Co., D.J.
Merriman and/or Ford:

Peter Coleman, CFO & COO
Merriman Curhan Ford
600 California Street, 5th Floor
San Francisco, CA 94108

With a copy to:

General Counsel
Merriman Curhan Ford
600 California Street, 5th Floor
San Francisco, CA 94108

Notice of change of address shall be given by written notice in the manner detailed in this Paragraph 19.

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Settlement Agreement as of the date first set forth above.

CLAIMANTS:

ATC Facilities Inc.

Name: Ted Fikre
Its: Vice President

Craig Leipold

DGB Investments, Inc.

Name:
Its:

Federal Deposit Insurance Corporation, as
Receiver for Security Pacific Bank

Name:
Its:

Heritage Bank of Commerce

Name:
Its:

Modern Bank

Name:
Its:

Valley Community Bank

Name:
Its:

(b)(6)

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Settlement Agreement as of the date first set forth above.

CLAIMANTS:

AEG Facilities, Inc.

(b)(6)

Craig Leopold

DGB Investments, Inc.

Name:
Its:

**Federal Deposit Insurance Corporation, as
Receiver for Security Pacific Bank**

Name:
Its:

Heritage Bank of Commerce

Name:
Its:

Modern Bank

Name:
Its:

Valley Community Bank

Name:
Its:

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Settlement Agreement as of the date first set forth above.

CLAIMANTS:

AEG Facilities, Inc.

Name:
Its:

Craig Leipold

DGR Investments, Inc.

Name:
Its:

*D. Bergeron
President*

**Federal Deposit Insurance Corporation, as
Receiver for Security Pacific Bank**

Name:
Its:

Heritage Bank of Commerce

Name:
Its:

Modern Bank

Name:
Its:

Valley Community Bank

Name:
Its:

(b)(6)

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Settlement Agreement as of the date first set forth above.

CLAIMANTS:

AEG Facilities, Inc.

Name:
Its:

Craig Leipold

DGB Investments, Inc.

Name:
Its:

**Federal Deposit Insurance Corporation, as
Receiver for Security Pacific Bank**

[Redacted Signature Box]

Name: J. SCOTT TAYLOR
Its: ATTORNEY-IN-FACT

Heritage Bank of Commerce

Name:
Its:

Modern Bank

Name:
Its:

Valley Community Bank

Name:
Its:

(b)(6)

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Settlement Agreement as of the date first set forth above.

CLAIMANTS:

AEG Facilities, Inc.

Name: _____
Its: _____

Craig Leipold

DGB Investments, Inc.

Name: _____
Its: _____

**Federal Deposit Insurance Corporation, as
Receiver for Security Pacific Bank**

Name: _____

(b)(6)

Heritage Bank of Commerce

Name: Michael R. Ong
Its: Executive Vice President

Modern Bank

Name: _____
Its: _____

Valley Community Bank

Name: _____
Its: _____

(b)(6)

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Settlement Agreement as of the date first set forth above.

CLAIMANTS:

AEG Facilities, Inc.

Name:
Its:

Craig Leipold

DGB Investments, Inc.

Name:
Its:

**Federal Deposit Insurance Corporation, as
Receiver for Security Pacific Bank**

Name:
Its:

Heritage Bank of Commerce

Name:
Its:

Modern Bank, N.A.

Name: **LEWIS J. GOVERMAN**
Its: *Chief Credit Officer*

Valley Community Bank

Name:
Its:

(b)(6)

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Settlement Agreement as of the date first set forth above.

CLAIMANTS:

AEG Facilities, Inc.

Name:
Its:

Craig Leipold

DGB Investments, Inc.

Name:
Its:

**Federal Deposit Insurance Corporation, as
Receiver for Security Pacific Bank**

Name:
Its:

Heritage Bank of Commerce

Name:
Its:

Modern Bank

Name:
Its:

Valley Community Bank

(b)(6)

Name: **GREG J. HICKEL**
Its: **E.V.P. / CCO**

(b)(6)

MCF:

Merriman Curhan Ford Group, Inc.

(b)(6)

[Redacted]

Peter Coleman, its CFO & COO

(b)(6)

[Redacted]

D. Jonathan Merriman

(b)(6)

[Redacted]

Rob Ford

MCF Co.

Merriman Curhan Ford & Co., Inc.

By: Peter Coleman, its CFO & COO

(b)(6)



Schedule A

Claim	Value of Original Claim	State Court Litigation Case No.	Settlement Percentage
DGB INVESTMENTS, INC	\$3,000,000	(SANTA CLARA SUPERIOR COURT 1-08-CV-113472)	<u>6.88%</u>
CRAIG LEIPOLD	\$10,000,000	(SANTA CLARA SUPERIOR COURT 109-cv-150502)	<u>22.95%</u>
HERITAGE BANK OF COMMERCE	\$4,327,073	(SANTA CLARA SUPERIOR COURT 1-08-CV-113746)	<u>9.93%</u>
MODERN BANK, N.A	\$10,000,000	(SANTA CLARA SUPERIOR COURT 1-08-CV-113894)	<u>22.95%</u>
VALLEY COMMUNITY BANK	\$4,250,000	(SANTA CLARA SUPERIOR COURT 1-08-CV-114394)	<u>9.75%</u>
AEG FACILITIES, INC.	\$7,000,000	(SANTA CLARA SUPERIOR COURT 1-08-CV-114297)	<u>16.06%</u>
FDIC, AS RECEIVER FOR SECURITY PACIFIC BANK	<u>\$5,000,000</u>	LOS ANGELES SUPERIOR COURT SC-098431	<u>11.48%</u>
TOTAL	\$43,577,073		<u>100%</u>

CHI99 5137401-6.057043.0012

RECEIVED
R 1/4/10

LIMS Mh
DIF/Fraud

(b)(2)

ENTERED

1/4/10

SETTLEMENT AGREEMENT

This Settlement Agreement ("this Agreement") dated effective as of September 8, 2009 (the "Effective Date") is entered into by and between AEG Facilities, Inc.; Craig Leipold; DGB Investments, Inc.; Federal Deposit Insurance Corporation, as Receiver for Security Pacific Bank; Heritage Bank of Commerce; Modern Bank, N.A.; and Valley Community Bank (each a "Claimant" and, collectively, "Claimants" and each Claimant that executes this Settlement Agreement shall be referred to as a "Settling Claimant"), on the one hand, and D. Jonathan Merriman ("D. J. Merriman"), Rob Ford ("Ford"), Merriman Curhan Ford Group, Inc. ("MCF") and Merriman Curhan Ford & Co., Inc. ("MCF Co."), collectively referred to as the "Merriman defendants," on the other hand. The Settling Claimants and the Merriman defendants are collectively referred to herein as "the Parties."

RECITALS OF FACT

WHEREAS, MCF is a Delaware corporation whose shares are listed on the NASDAQ, whose subsidiary, MCF Co. is a broker-dealer regulated by Financial Industry Regulatory Authority ("FINRA") and the Securities and Exchange Commission ("SEC").

WHEREAS, D. Jonathan Merriman is one of the founders of MCF and currently serves as the Chief Executive Officer of MCF, and Rob Ford also is one of the founders of MCF and currently serves as the head of MCF Services Group.

WHEREAS, Claimants have asserted various claims for damages against the Merriman defendants arising out of loans made by Claimants to William J. Del Biaggio III ("Del Biaggio") and/or Sand Hill Capital Partners III, LLC ("Sand Hill") totaling approximately \$43.5 million (the "Claims"), as more particularly set forth in Schedule A to this Settlement Agreement.

WHEREAS, the Merriman defendants deny liability for the Claims, but are willing to agree to resolve such Claims so as to eliminate the risks, burdens and expenses of litigation.

(b)(4) WHEREAS, XL Specialty Insurance Company ("XL") issued Management Liability and Company Reimbursement Policy No. [REDACTED] to MCF (the "Management Liability Policy"), and Federal Insurance Company ("FIC"), issued Financial Institutions Securities Dealer Blanket Bond, Policy No. [REDACTED] to MCF Co. (the "Fidelity Policy"), which Management Liability Policy and Fidelity Policy may be available to provide indemnification and cover certain other costs of the Merriman defendants related to the Claims.

(b)(4) WHEREAS, on or about January 14, 2009, MCF filed suit against XL (the "XL Insurance Litigation") seeking coverage for, *inter alia*, some of the Claims as well as MCF's defense fees and costs incurred in defending against some of the Claims and related matters.

WHEREAS, XL has asserted that it has no obligation to provide a defense or indemnification to any party in connection with any aspect of the Claims.

WHEREAS, the Claimants have made a demand for settlement of the Management Liability Policy, on which XL refused to pay out.

WHEREAS, the Merriman defendants and the Claimants desire to reach a global settlement of any and all claims of each Claimant on the terms and conditions set forth herein, and preserve certain rights for the benefit of the Claimants.

WHEREAS, concurrently with the execution of this Agreement by at least five or more Settling Claimants and the Merriman defendants, MCF Co. shall assign all of its rights under the Management Liability Policy and Fidelity Policy and any of the claims against XL and/or FIC arising out of or relating to underlying civil claims and government investigations to MCF.

AGREEMENT

NOW, THEREFORE, in view of the foregoing, the Merriman defendants and the Settling Claimants hereby agree to the following:

1. **The Settlement Amount.**

a. **Initial Cash Payment.** The Merriman defendants shall pay, and shall be jointly and severally liable to pay, to Settling Claimants within twelve (12) business days of the execution of this Agreement by the Merriman defendants and five or more Settling Claimants, a cash payment to each Settling Claimant in an amount equal to 10% of the value of that Claimant's Claim, as set forth in Schedule A (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages (as defined below)), up to an aggregate payment of \$4,300,000 (the "Initial Cash Payment").

b. **Payment of Initial Insurance Litigation Proceeds.** D. J. Merriman, Ford and MCF shall pay, and shall be jointly and severally liable to pay a further \$10,000,000, which amount, however, shall be paid only from the Initial Insurance Litigation Proceeds (as defined in Paragraph 2.b.(1) below), if any. Said proceeds shall be in addition to the Initial Cash Payment, and shall be paid to and divided proportionally amongst the Settling Claimants pursuant to the Settlement Percentage of each Claimant as set forth in Schedule A (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages), and in the manner described in Paragraph 2.b.(1) below, which such amount shall be secured by and payable only from the Initial Insurance Litigation Proceeds (collectively with the Initial Cash Payment, the "Cash Payment"). For the avoidance of doubt, if there are no Initial Insurance Litigation Proceeds or if the Initial Insurance Litigation Proceeds are insufficient to fund the remaining \$10,000,000, the Merriman defendants shall have no obligation to pay any portion of the remaining \$10,000,000; it being understood that the Settling Claimants shall look solely to the Management Liability Policy and/or the Fidelity Policy and/or any litigation related thereto for recovery and payment of the remaining \$10,000,000.

c. **Supplemental Cash Payment.** Any Supplemental Insurance Litigation Proceeds, as defined in Paragraph 2.b.(2) below, shall be payable to the Settling Claimants in cash in the manner described in Paragraph 2.b.(2) below, to be divided proportionally amongst the Settling Claimants pursuant to the Settlement Percentage of each Claimant as set forth in Schedule A (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages).

d. Cash Payments and Issuance of Warrants When Less than All Claimants Settle.

This Agreement shall be effective only after all of the Merriman defendants and at least five Claimants execute this Agreement on or before September 8, 2009. If, by the later of September 8, 2009 or 10 days after this Agreement is fully executed by the parties, less than all of the Claimants have executed this Agreement, then only the Settling Claimants, along with any other Claimant that has given written notice of its intention to participate in this Agreement upon proper authorization by its governing body, shall receive the Cash Payments set forth in Paragraphs 1.a. and b. above and the Warrants set forth in Paragraph 1.e. below, and the Settlement Percentage of the non-settling Claimants shall be allocated and distributed equally amongst the Settling Claimants and the Claimants that have given written notice of intent to participate in this Agreement and the Settlement Percentages shall be modified accordingly ("Adjusted Settlement Percentages"). If any Claimant gives notice of intent to participate in the settlement, but thereafter does not execute this Agreement within 30 days of giving such notice, then that Claimant shall be deemed a non-settling Claimant, and the Settlement Percentage of such Claimant shall be allocated and distributed equally amongst the Settling Claimants.

e. Warrants.

(1) Within twelve (12) business days of the execution of this Agreement by the Merriman defendants and five or more Settling Claimants, MCF shall issue Warrants to purchase an aggregate of 1,538,461 shares of the common stock of MCF to the Settling Claimants, to be divided proportionally amongst the Claimants pursuant to the Settlement Percentage of each Claimant as set forth in Schedule A (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages). Each Warrant will represent the right to purchase one share of common stock of MCF ("Warrant Shares") and shall be in the form attached as Exhibit A. Each Settling Claimant and MCF shall execute that certain Investor's Rights Agreement in the form attached hereto as Exhibit B (the "IRA").

(2) Further, to the extent that MCF and/or MCF Co. receive payments under Paragraphs 2(b)(1)(b) or (c), MCF shall issue Warrants, to be divided proportionally amongst the Settling Claimants pursuant to the Settlement Percentage of each Settling Claimant as set forth in Schedule A (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages), as follows:

(a) For payments received under Paragraph 2(b)(1)(b), a number of Warrants to purchase MCF common stock equal to the dollar amount of such payment divided by the exercise price of said Warrants, which such exercise price to be equal to the five day average of the closing price of the common stock of MCF (such five days to start on the business day after the receipt of the aforementioned funds), and on such terms and conditions identical to the Warrants issued pursuant to Paragraph 1(e)(1), with the exception that the exercise period of the Warrant shall be extended by the period of time from the Effective Date until the payment under Paragraph 2(b)(1)(b) is received by MCF, minus one year.

(b) For payments received under Paragraph 2(b)(1)(c), a number of Warrants to purchase MCF common stock equal to one-third of the dollar amount of such payment divided by the exercise price of said Warrants (calculated in accordance with paragraph 1(e)(2)(a) above), and on such terms and conditions identical to the Warrants issued pursuant to Paragraph 1(e)(1), with the exception that the exercise period shall be extended by the period of time from the Effective Date until the payment under Paragraph 2(b)(1)(c) is received by MCF, minus one year.

(c) In no event, however, shall the Warrant exercise period for these two potential Warrants grants be less than the period provided for with respect to the Warrants issued pursuant to Paragraph 1(e)(1).

(d) Prior to the issuance of any Warrants issuable pursuant to this Paragraph 1(e), any Settling Claimants may assign its right to receive Warrants to any other Settling Claimant. Notice of such assignment shall be provided by a signed writing addressed to MCF, signed by both the assigning Claimant and the Claimant to whom the right to receive is assigned.

(e) For those Warrants made available pursuant to Paragraph 1(e)(2)(a) and 1(e)(2)(b), such Warrants shall be made available within 12 business days after the fifth day used to calculate the five day average specified in those Paragraphs.

2. Pursuit of Insurance Litigation and Payment of Insurance Proceeds. MCF, D. J. Merriman and Ford (collectively, the "MCF Co-Defendants"), shall use their reasonable best efforts to obtain a recovery in the XL Insurance Litigation. The MCF Co-Defendants may also pursue, but shall not be required to pursue, recovery under the Fidelity Policy; but, upon the written demand by the Oversight Committee, shall assign any and all rights of MCF and/or MCF Co. under the Fidelity Policy to the Settling Claimants and shall cooperate fully and completely with such Settling Claimants' prosecution of the Fidelity Insurance Litigation. The XL Insurance Litigation and any litigation necessary to obtain coverage for the Claims under the Fidelity Policy, as well as any insurance settlement negotiations related thereto, shall be referred to herein collectively as the "Insurance Litigation." For purposes of this provision, "reasonable best efforts" shall include, among other things, that MCF shall pay reasonable and timely expenses of the XL Insurance Litigation, up to an aggregate of \$200,000 ("Aggregate Legal Expenses"), of which \$100,000 shall be deposited within twelve (12) business days of the execution of this Agreement in the Client Trust Account of MCF Counsel (as hereinafter defined), with additional deposits in increments of \$25,000 due from MCF any time the Client Trust Account falls below \$50,000 until such time as MCF has deposited the Aggregate Legal Expenses. The MCF Co-Defendants shall cooperate fully and completely with the prosecution of the Insurance Litigation, including, but not limited to, making witnesses and documents available in pursuit of the Insurance Litigation, and directing its employees, officers and directors to perform such reasonable assistance as insurance counsel deems appropriate to maximize any potential recovery.

a. The MCF Co-Defendants shall retain legal counsel, and from time to time, the MCF Co-Defendants may associate additional legal counsel or substitute other legal counsel (collectively, "MCF Counsel"), to represent the MCF Co-Defendants in the XL Insurance Litigation on a contingent fee basis, subject to the approval of the Oversight Committee, described below. The terms and conditions of the contingent fee agreement between the MCF Co-Defendants and MCF Counsel, and any amendments thereto (collectively, the "Contingent Fee Agreement") shall be subject to the approval of the Oversight Committee.

b. The MCF Co-Defendants hereby assign a first priority security interest in, and shall distribute to, the Settling Claimants the proceeds of the Insurance Litigation, whether received by settlement or judgment, in the manner and in the amounts described below:

(1) Initial Insurance Litigation Proceeds.

"Initial Insurance Litigation Proceeds" is defined to include any and all proceeds of the Insurance Litigation up to and including the amounts necessary to pay the Settling Claimants the

full amount of the Cash Payments described in Paragraph 1.a. and b. above. The Initial Insurance Litigation Proceeds shall be assigned and distributed in the manner and amounts set forth in this Paragraph 2.b.(1), until such time that the MCF Co-Defendants have paid the full Cash Payment described in Paragraph 1.b. above:

(a) First, to MCF Counsel pursuant to the terms and conditions of the Contingent Fee Agreement;

(b) Second, as to any amounts up to \$2,500,000, then 95% to the Settling Claimants, to be divided proportionally amongst the Settling Claimants pursuant to the Settlement Percentage of each Settling Claimant as set forth in Schedule A, (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages), and the remaining 5% to MCF;

(c) Third, as to any amounts in excess of \$2,500,000, up to and including \$5,000,000, then 85% to the Settling Claimants, to be divided proportionally amongst the Settling Claimants pursuant to the Settlement Percentage of each Settling Claimant as set forth in Schedule A (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages), and the remaining 15% to MCF; and

(d) Fourth, as to any amounts in excess of \$5,000,000, then 75% to the Settling Claimants, to be divided proportionally amongst the Settling Claimants pursuant to the Settlement Percentage of each Claimant as set forth in Schedule A (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages), and the remaining 25% to MCF.

(2) "Supplemental Insurance Litigation Proceeds"

"Supplemental Insurance Litigation Proceeds" shall be defined to include any and all proceeds on the Insurance Litigation in excess of the Initial Insurance Litigation Proceeds. The Supplemental Insurance Litigation Proceeds shall be distributed 50% to the Settling Claimants pursuant to the Settlement Percentage of each Claimant as set forth in Schedule A (or, in the event that five or more, but less than all, of the Claimants execute this Agreement, in accordance with the Adjusted Settlement Percentages), and the remaining 50% to MCF.

c. MCF shall remain solely responsible for any amounts owing, as of the Effective Date, to any law firms, accountants, or other consultants who have represented MCF and/or MCF Co. in connection with, among other things, the Claims, claims against the Management Liability Policy or the Fidelity Policy, or negotiation of this Settlement Agreement. Under no circumstances shall proceeds of the Insurance Litigation be used to pay any of these liabilities of MCF, except out of amounts paid to MCF pursuant to Paragraph 2.b.(1) above.

d. Insurance Litigation Oversight Committee. The MCF Co-Defendants shall form an insurance litigation oversight committee comprised of two members of MCF management and of representatives of no less than five Settling Claimants, and as to which each Settling Claimant

shall be entitled to participate (the "Oversight Committee"). The Parties acknowledge Claimants' common interest with the MCF Co-Defendants in the Insurance Litigation because, among other things, of Claimants' security interest in the proceeds of the Insurance Litigation and, therefore, the Claimants are a necessary party to any attorney-client communication subject to the execution of a confidentiality agreement by each Settling Claimant that requires such Settling Claimant to preserve the confidences and work product related to the Parties' common interest in the Insurance Litigation. The Oversight Committee shall, upon reasonable notice and not more frequently than once every thirty (30) days, be given reasonable access to the work product and materials related to the Insurance Litigation provided to the MCF Co-Defendants by MCF Counsel so long as, in the judgment of MCF Counsel, Claimants continue to have a common interest with the MCF Co-Defendants in the litigation because of Claimants' security interest in the proceeds of the Insurance Litigation. Therefore, the activities contemplated by this paragraph will not constitute a waiver of the attorney client privilege. Subject to such determination by MCF Counsel, the Oversight Committee shall also be entitled to participate in regularly scheduled meetings with MCF Counsel and shall be permitted to be kept promptly informed of the work of MCF Counsel to ensure that any and all actions in the MCF Litigation are diligently pursued. The Oversight Committee shall act by majority vote, and all parties shall abide by the majority vote of the Oversight Committee with respect to the prosecution or settlement of the Insurance Litigation. The Oversight Committee shall select one of its members to be the lead contact with MCF Counsel. For avoidance of doubt, it is the intention of the Parties that the Settling Claimants will not be clients of retained contingency counsel.

e. Security Interests and Financing Statement. In order to secure the payment and performance of the MCF Co-Defendants' obligations under this Agreement, the MCF Co-Defendants hereby grant a first priority security interest in favor of the Settling Claimants in (a) any and all proceeds of the Insurance Litigation and the Fidelity Policy up to the amount of the Claims, excepting any payments due to MCF Counsel under paragraph 2.b(1)(a); and (b) any and all accounts, contract rights, claims, chose in action, and commercial tort claims held by each of the MCF Co-Defendants against XL, including, but not limited, to the Insurance Litigation and/or FIC with respect to the Fidelity Policy, excepting any payments due to MCF Counsel under paragraph 2.b(1)(a). Upon execution of this Agreement, MCF shall provide a UCC-1 financing statement listing all of the Settling Claimants, which shall perfect the security interests granted hereunder, and MCF shall cause its counsel to file and promptly forward receipted copies of the statement to Settling Claimants at the time the MCF Co-Defendants make the Initial Cash Payment.

3. MCF Covenant Against More Favorable Settlements. If less than all Claimants execute this Agreement, then the Merriman defendants warrant and agree that they will not later settle with any such non settling Claimant on terms more favorable than provided for in this Settlement Agreement, unless the Merriman defendants first provide further consideration necessary to ensure that the Claimants entering into this Settlement Agreement obtain at least as favorable terms as any later settling Claimant. Failure of the Merriman defendants to provide such additional consideration shall be considered a material breach of this agreement, and each Claimant may elect, in its sole discretion, to rescind the agreement, or to enforce, jointly and severally against the Merriman defendants, the promise to provide additional consideration contained in this Paragraph.

4. Intentionally deleted.

5. Solvency. MCF warrants that it has reviewed its financial situation and that it currently is solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I) and California Civil Code Sections 3439.04(a)(2)(B) and 3439.05, and that it shall remain solvent following its payment to the Claimants of the Settlement Amount. Further, the Parties warrant that, in evaluating whether to execute this Agreement, they (a) have intended that the mutual promises, covenants, and obligations set forth constitute a contemporaneous exchange for new value given to the Merriman defendants, within the meaning of 11 U.S.C. § 547(c)(1); and (b) conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended to and do, in fact, represent a reasonably equivalent exchange of value that is not intended to hinder, delay, or defraud any entity to which any of the Merriman defendants are or became indebted, on or after the date of this transfer, all within the meaning of 11 U.S.C. § 548(a)(1) and California Civil Code Section 3439.04(a)(1).

6. Bankruptcy. If, within 91 days of the Effective Date of this Agreement or any payment made under this Agreement, MCF or MCF Co. 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 the debts of MCF or MCF Co., or seeking to adjudicate MCF or MCF Co. as bankrupt or insolvent; or (b) seeking appointment of a receiver, trustee, custodian, or other similar official for MCF or MCF Co. or for all or any substantial part of the assets of MCF or MCF Co., then the Merriman defendants agree as follows:

a. The obligations of MCF and MCF Co. under this Agreement may not be avoided pursuant to 11 U.S.C. §§ 547 or 548, or California Civil Code Sections 3439 et. seq., and neither MCF nor MCF Co. shall argue or otherwise take the position in any such case, proceeding, or action that: (i) the obligations of the Merriman defendants under this Agreement may be avoided under 11 U.S.C. §§ 547 or 548, or California Civil Code Sections 3439 et. seq.; (ii) MCF or MCF Co. was insolvent at the time this Agreement was entered into, or became insolvent as a result of the Cash Payment made to the Claimants 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 the Merriman defendants.

b. If the Merriman defendants' obligations under this Agreement are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, each of the Claimants, at their sole option, may rescind the releases in this Agreement, and bring any claim, action, or proceeding against any or all of the Merriman defendants for the claims that would otherwise be covered by the releases provided in Paragraph 8 below. The Merriman defendants agree that (1) any such claims, actions, or proceedings brought by the Claimants shall not be subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) or any other applicable injunction or stay as a result of the action, case, or proceeding described in the first clause of this Paragraph, and that the Merriman defendants hereby irrevocably and absolutely waive the automatic stay of 11 U.S.C. § 362(a) or any other applicable injunction or stay to the extent necessary to permit the Settling Claimants to enforce their rights, remedies and claims under this Agreement; and (2) that the Merriman defendants

shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any such claims, actions, or proceedings that are brought by the Claimants within 180 calendar days of written notification to the Merriman defendants that the releases herein have been rescinded pursuant to this Paragraph, except to the extent such defenses were available on the Effective Date of the Agreement.

c. The Merriman defendants acknowledge that their agreements in this Paragraph are provided in exchange for valuable consideration provided in this Agreement.

7. **Dismissal of State Court Litigation.** Each Claimant that has filed a suit against the Merriman defendants and/or the MCF Parties (as defined in Paragraph 3(a)(2)) in respect of its Claim, as more particularly described on Schedule A, shall execute a Dismissal of the State Court Litigation against the MCF Parties, if any, without prejudice (the "State Court Dismissal"). Each Claimant shall deliver the State Court Dismissal to counsel for MCF within five (5) business days of receiving the Initial Cash Payment of the Settlement Amount described in Paragraph 1.a.

8. **Mutual Release.** For the purposes of this Mutual Release:

a. Terms:

(1) "Claimant Parties" means each Claimant and its directors, officers, employees, agents, affiliates, and professionals.

(2) "MCF Parties" means the Merriman defendants, together with, in the case of MCF and MCF Co., each of its current directors, officers and employees. The MCF Parties do not include, however, David Scott Cacchione.

(3) The "Subject Claims" means any and all claims of whatsoever type or nature that in any manner related to the matters identified in the Recitals or the relationship between the Claimant Parties and the MCF Parties existing on or before the Effective Date. The Subject Claims do not include the obligations of the Parties under this Agreement.

b. Releases:

(1) The MCF Parties hereby release and forever discharge Claimant Parties from any and all Subject Claims.

(2) Effective upon execution of this agreement by each of the Merriman defendants, and payment to each Claimant of the Initial Cash Payment portion of the Settlement Amount, Claimant Parties shall release and forever discharge the MCF Parties from any and all Subject Claims; it being understood that in no event shall the Claimant Parties' release be construed to release and discharge claims such Claimants may have against third parties, including, but not limited to, claims against Del Biaggio, Sand Hill and others.

Each of the Parties has considered the possibility that he or it may not now fully know the number or magnitude of all the Subject Claims, which he or it has or may have against the other party hereto, but nevertheless intends to assume the risk that he or it is releasing such unknown

claims, and agrees that this Mutual Release is a full and final release of any and all Subject Claims and/or Subject Claims, as the case may be, and expressly waives the benefits of Section 1542 of the California Civil Code and all similar statutes, which Section provides:

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

c. It is understood and agreed that this is a compromise settlement of disputed claims, and that this Mutual Release shall not be construed as an admission of liability by any of the Parties hereto.

9. **No Assignment.** All Parties represent and warrant that each is the only person or entity who, to its knowledge, has any interest in any claims, causes of action, costs or demands herein released and that none of such claims, causes of action, costs or demands, nor any part thereof, have been assigned, granted or transferred in any way to any person, persons, entity or entities.

~~10. Representation and Warranties.~~ The Merriman defendants and each Settling Claimant represents and warrants that (a) each has freely and voluntarily entered into this Settlement Agreement, (b) that no representations or promises of any kind other than as contained in this Settlement Agreement have been made by any party to induce them to enter into this Settlement Agreement, and (c) they have been fully advised by their attorneys concerning their rights and have further been advised by their attorneys as to the terms and effects of this Settlement Agreement. Each Settling Claimant represents and warrants that Schedule A accurately reflects their respective alleged claim and the related case number.

11. **Interpretation.** This Agreement is to be construed simply and fairly, and not strictly in favor of or against MCF, MCF Co., D. J. Merriman, Ford, or any Settling Claimant. This Agreement was prepared and negotiated jointly by the Parties. This Agreement may be modified or amended only in writing signed by all Parties.

12. **No Indemnification.** Nothing in this Settlement Agreement shall be interpreted as a promise or an agreement to indemnify.

13. **Governing Law.** This Settlement Agreement shall be governed by the laws of the State of California without regard to California's choice of law analysis, except to the extent the laws of the United States are applicable.

~~14. Attorneys' Fees.~~ Each party shall be responsible for the payment of his or its own attorneys' fees and costs, and all of their expenses in connection with the matters referred to in this Settlement Agreement, provided however, that this paragraph shall not affect any obligations that may be owed to MCF counsel under a contingent fee agreement. Nevertheless, in any action or proceeding to enforce this Settlement Agreement, the prevailing party shall be entitled to his, her or its attorneys' fees and costs.

15. **Sole and Only Agreement.** The Parties hereby agree that this instrument (and its schedules) constitutes the sole and only agreement between the Parties with respect to the subject matter hereof and correctly sets forth the rights, duties and obligations of each to the other as of its date. The terms of this Settlement Agreement are contractual and not mere recitals. This Settlement Agreement is executed without reliance upon any representation by any person concerning the nature or extent of injuries or legal liability therefor, and the Parties hereto have carefully read and understand the contents of this Settlement Agreement and sign the same as their own free act. Any modification of this Agreement shall require the unanimous written consent of all Claimants.

16. **Successors and Assigns.** This Settlement Agreement shall inure to the benefit of and bind the successors, assigns, heirs, executors and administrators of the Parties.

17. **Captions.** The captions of this Settlement Agreement are for convenience only and are not a part of this Settlement Agreement and do not in any way limit or amplify the terms and provisions of this Settlement Agreement and shall have no effect on its interpretation.

18. **Counterparts.** This Settlement Agreement may be executed in counterparts, by either an original signature or signature transmitted by facsimile transmission, pdf or other similar process and each copy so-executed shall be deemed to be an original and all copies so-executed shall constitute one and the same agreement.

19. **Notice.** Any notice required or permitted to be given by this Agreement shall be in writing and shall be deemed given (1) when delivered in person, (2) when dispatched by facsimile or electronic mail transfer (confirmed in writing by postage prepaid first class air mail simultaneously dispatched), (3) when sent by internationally-recognized overnight courier service (with receipt confirmed by such overnight courier service), or (4) when sent by registered or certified mail, to the other party at the address of such parties set forth below or at such other address as such party may from time to time specify in writing to the other party in accordance with this Paragraph 19.

To Claimants:

AEG Facilities, Inc.
Attn: Ted Filre and Dan Beckerman
800 West Olympic Blvd, Suite 305,
Los Angeles, CA 90015

(b)(4),(b)(6)

With a copy to:

Meryl Macklin, Esq.
Holme Roberts & Owen
560 Mission St., 25th Fl
San Francisco, CA 94105

(b)(4),(b)(6)

Craig Leipold
555 Main Street
Suite 500
Racine, WI 53403

With a copy to:

David Rosenbloom
McDermott Will & Emery LLP
224 W. Monroe, Suite 4400
Chicago, IL 60606

DGB Investments, Inc.
40 Fox Hill Road
Woodside, CA 94062

With a copy to:

Michael H. Steinberg, Esq.
Sullivan & Cromwell LLP
1888 Century Park East, Suite 2100
Los Angeles, CA 90067

Federal Deposit Insurance Corporation,
as Receiver for Security Pacific Bank
Bob J. Rogers, Esq.
1601 Bryan Street, Room 15068
Dallas, TX 75201

With a copy to:

Andrew S. Pauly
Greenwald, Pauly, Foster & Miller
1299 Ocean Avenue, Suite 400
Santa Monica, CA 90401

Heritage Bank of Commerce
150 Almaden Blvd.
San Jose, CA 95113
Attn: Mr. Michael Ong, Executive Vice
President/Chief Risk Officer

Fax: [redacted]

(b)(4),(b)(6)

(b)(4),(b)(6)

With a copy to:

Richard A. Rogan, Esq.
Jeffer, Mangels, Butler & Marmaro
Two Embarcadero Center, 5th Floor
San Francisco, CA 94111

Fax: [redacted]

(b)(4),(b)(6)

(b)(4),(b)(6)

Anthony Burke, President
Modern Bank, N.A.
667 Madison Avenue
New York, NY 10075

With a copy to:

Jonathan Weinberg
Modern Bank, NA
667 Madison Avenue
New York, NY 10075

Daniel K. Slaughter
Stein & Lubin LLP
600 Montgomery Street, 14th Floor
San Francisco, CA 94111

(b)(4),(b)(6)

Greg Hickel
Executive Vice President
Chief Credit Officer
Valley Community Bank
P.O. Box 1497
Pleasanton, CA 94566

With a copy to:

Bruce E. Copeland
Nixon Peabody LLP
One Embarcadero Center
18th Floor
San Francisco, CA 94111-3600

To MCF, MCF Co., D.J.
Merriman and/or Ford:

Peter Coleman, CFO & COO
Merriman Curhan Ford
600 California Street, 5th Floor
San Francisco, CA 94108

With a copy to:

General Counsel
Merriman Curhan Ford
600 California Street, 5th Floor
San Francisco, CA 94108

Notice of change of address shall be given by written notice in the manner detailed in this Paragraph 19.

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Settlement Agreement as of the date first set forth above.

CLAIMANTS:

AEG Facilities, Inc.

Name: [Redacted]
Its: **Ted Fikre**
Vice President

Craig Leipold

DGB Investments, Inc.

Name:
Its:

**Federal Deposit Insurance Corporation, as
Receiver for Security Pacific Bank**

Name:
Its:

Heritage Bank of Commerce

Name:
Its:

Modern Bank

Name:
Its:

Valley Community Bank

Name:
Its:

(b)(6)

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Settlement Agreement as of the date first set forth above.

CLAIMANTS:

AEG Facilities, Inc.

(b)(6)

Craig Leopold (b)(6)

DGB Investments, Inc.

Name:

Its:

**Federal Deposit Insurance Corporation, as
Receiver for Security Pacific Bank**

Name:

Its:

Heritage Bank of Commerce

Name:

Its:

Modern Bank

Name:

Its:

Valley Community Bank

Name:

Its:

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Settlement Agreement as of the date first set forth above.

CLAIMANTS:

AEG Facilities, Inc.

Name:

Its:

Craig Leipold

DGB Investments, Inc.

Name:

Its:

*D. Bergerin
President*

(b)(6)

**Federal Deposit Insurance Corporation, as
Receiver for Security Pacific Bank**

Name:

Its:

Heritage Bank of Commerce

Name:

Its:

Modern Bank

Name:

Its:

Valley Community Bank

Name:

Its:

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Settlement Agreement as of the date first set forth above.

CLAIMANTS:

AEG Facilities, Inc.

Name:
Its:

Craig Leipold

DGB Investments, Inc.

Name:
Its:

**Federal Deposit Insurance Corporation, as
Receiver for Security Pacific Bank**

Name: *Ol. Scott Taylor*
Its: *Att'y in Fact*

Heritage Bank of Commerce

Name:
Its:

Modern Bank

Name:
Its:

Valley Community Bank

Name:
Its:

(b)(6)

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Settlement Agreement as of the date first set forth above.

CLAIMANTS:

AEG Facilities, Inc.

Name:
Its:

Craig Leipold

DGB Investments, Inc.

Name:
Its:

**Federal Deposit Insurance Corporation, as
Receiver for Security Pacific Bank**

Name:
Its:

Heritage Bank of Commerce

Name: Michael R. Ong
Its: Executive Vice President

Modern Bank

Name:
Its:

Valley Community Bank

Name:
Its:

(b)(6)

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Settlement Agreement as of the date first set forth above.

CLAIMANTS:

AEG Facilities, Inc.

Name:

Its:

Craig Leipold

DGB Investments, Inc.

Name:

Its:

Federal Deposit Insurance Corporation, as
Receiver for Security Pacific Bank

Name:

Its:

Heritage Bank of Commerce

Name:

Its:

Modern Bank, N.A.

(b)(6)

Name: LEWIS J. GOVERMAN

Its: Chief Credit Officer

Valley Community Bank

Name:

Its:

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Settlement Agreement as of the date first set forth above.

CLAIMANTS:

AEG Facilities, Inc.

Name:
Its:

Craig Leipold

DGB Investments, Inc.

Name:
Its:

**Federal Deposit Insurance Corporation, as
Receiver for Security Pacific Bank**

Name:
Its:

Heritage Bank of Commerce

Name:
Its:

Modern Bank

Name:
Its:

Valley Community Bank (b)(6)

Name: **GREG J. HICKEL**
Its: **EVA/CCO**

(b)(6)

MCF:

Merriman Curhan Ford Group, Inc.

(b)(6)

[Redacted]

Peter Coleman, its CFO & COO

(b)(6)

[Redacted]

D. Jonathan Merriman

[Redacted]

(b)(6)

Rob Ford

MCF Co:

Merriman Curhan Ford & Co., Inc.

(b)(6)

A rectangular box with a black border, used to redact a signature. A horizontal line extends from the left margin to the left side of the box.

By: Peter Coleman, its CFO & COO

Schedule A

<u>Claim</u>	<u>Value of Original Claim</u>	<u>State Court Litigation Case No.</u>	<u>Settlement Percentage</u>
DGB INVESTMENTS, INC	\$3,000,000	(SANTA CLARA SUPERIOR COURT 1-08-CV-113472)	<u>6.88%</u>
CRAIG LEIPOLD.	\$10,000,000	(SANTA CLARA SUPERIOR COURT 109-cv-150502)	<u>22.95%</u>
HERITAGE BANK OF COMMERCE	\$4,327,073	(SANTA CLARA SUPERIOR COURT 1-08-CV-113746)	<u>9.93%</u>
MODERN BANK, N.A.	\$10,000,000	(SANTA CLARA SUPERIOR COURT 1-08-CV-113894)	<u>22.95%</u>
VALLEY COMMUNITY BANK	\$4,250,000	(SANTA CLARA SUPERIOR COURT 1-08-CV-114394)	<u>9.75%</u>
AEG FACILITIES, INC.	\$7,000,000	(SANTA CLARA SUPERIOR COURT 1-08-CV-114297)	<u>16.06%</u>
FDIC, AS RECEIVER FOR SECURITY PACIFIC BANK.	\$5,000,000	LOS ANGELES SUPERIOR COURT SC-098431	<u>11.48%</u>
TOTAL	\$43,577,073		<u>100%</u>

CH99 5137401-6.057043.0012

Exhibit A

Form of Warrant

NEITHER THIS WARRANT NOR THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAW AND NEITHER MAY BE SOLD OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, SUCH REGISTRATION AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE FORM AND SUBSTANCE OF WHICH IS ACCEPTABLE TO THE ISSUER.

MERRIMAN CURHAN FORD GROUP, INC.

COMMON STOCK PURCHASE WARRANT

Warrant No. []

[] Shares

Original Issue Date: [], 2009

THIS CERTIFIES THAT, FOR VALUE RECEIVED, [] or its permitted assigns (the "Holder") is entitled to purchase, on the terms and conditions hereinafter set forth, at any time and from time to time, in whole or in part, beginning upon the date which is one (1) year from the Original Issue Date set forth above (the "Initial Exercise Date") until 5:00 p.m., Eastern Time, on the fifth anniversary of the Original Issue Date, or if such date is not a day on which the Company (as hereinafter defined) is open for business, then the next succeeding day on which the Company is open for business (such date is the "Expiration Date"), but not thereafter, [] thousand (,000) shares of the Common Stock, \$0.0001 par value per share (the "Common Stock"), of MERRIMAN CURHAN FORD GROUP, INC., a Delaware corporation (the "Company"), at Sixty-Five Cents (\$0.65) per share (the "Exercise Price"), such number of shares and Exercise Price being subject to adjustment upon the occurrence of the contingencies set forth in this Warrant. Each share of Common Stock as to which this Warrant is exercisable is a "Warrant Share" and all such shares are collectively referred to as the "Warrant Shares."

Section 1.

Definitions.

(a) "Effective Date" shall mean the date on which the Warrant shall be deemed to have been exercised.

(b) "Initial Issue Date" shall mean ten (10) days from the date on which the Convertible Preferred Stock is first purchased pursuant to the Stock Purchase Agreement.

(c) "Settlement Agreement" shall mean the Settlement Agreement by and among the Company and the parties thereto, dated _____, 2009.

(d) "Stock Purchase Agreement" shall mean the Series D Preferred Stock Purchase Agreement by and among the Company and the purchasers set forth on Schedule A thereto, dated [____], 2009.

(e) "Convertible Preferred Stock" shall mean the Convertible Preferred Stock convertible into shares of Common Stock issued pursuant to the terms of the Stock Purchase Agreement.

Section 2. Exercise of Warrant; Conversion of Warrant.

(a) This Warrant may, at the option of the Holder, be exercised in whole or in part from time to time, beginning on the Initial Exercise Date, on or before 5:00 p.m., Eastern Time, on the Expiration Date, by delivery to the Company at its principal office (i) a written notice of such Holder's election to exercise this Warrant (the "Exercise Notice"), which notice may be in the form of the Notice of Exercise attached hereto, properly executed and completed by the Holder or an authorized officer thereof, (ii) a check or other funds (the "Funds") payable to the order of the Company, in an amount equal to the product of the Exercise Price multiplied by the number of Warrant Shares specified in the Exercise Notice, and (iii) this Warrant (the items specified in (i), (ii), and (iii) are collectively the "Exercise Materials"); provided, however, that if this Warrant is not exercised in whole immediately prior to the consummation by the Company of a Change of Control Event (as defined in the Certificate of Designation designating the rights of the holders of the Series D Convertible Preferred Stock ("Certificate of Designation")), then immediately following the consummation by the Company of such Change in Control Event, this Warrant will not be exercisable and shall be null and void for all purposes. Notwithstanding anything in this Warrant to the contrary, if this Warrant shall not have been exercised in full immediately prior to a Change in Control Event, then this Warrant shall be automatically exercised pursuant to Section 3 below, without further action on the part of the Holder (and the Holder hereof shall be deemed to be a holder of the Common Stock issued upon such automatic exercise), immediately prior to the Change in Control Event, unless at any time on or before such time, the Holder shall notify the Company in writing that no such automatic exercise is to occur. The Company shall provide the holder of this Warrant any written materials which the Company is required to send to stockholders in connection with a Change of Control Event at the same time such materials are sent to the stockholders.

(b) As promptly as practicable, and in any event within five (5) business days after the later of (i) its receipt of the Exercise Materials and (ii) the clearing of the Funds, the Company shall execute or cause to be executed and delivered to the Holder a certificate or certificates representing the number of Warrant Shares specified in the Exercise Notice, together with cash in lieu of any fraction of a share. The stock certificate or certificates shall be registered in the name of the Holder or such other name or names as shall be designated in the Exercise

Notice. The Effective Date and the date the person in whose name any certificate evidencing the Common Stock issued upon the exercise hereof is issued shall be deemed to have become the holder of record of such shares, shall be the date the Company receives the Exercise Materials, irrespective of the date of delivery of a certificate or certificates evidencing the Common Stock issued upon the exercise or conversion hereof, *provided, however*, that if the Exercise Materials are received by the Company on a date on which the stock transfer books of the Company are closed, the Effective Date shall be the next succeeding date on which the stock transfer books are open. If this Warrant shall have been exercised only in part, then, unless this Warrant has expired, the Company shall, at its expense, at the time of delivery of such certificates, deliver to the Holder a new Warrant representing the right to purchase the number of shares with respect to which this Warrant shall not then have been exercised. In the event that this Warrant is exercised in whole in connection with a Change of Control Event, the Effective Date shall be the date of the consummation by the Company of such Change of Control Event, at the time immediately prior to the consummation of such Change of Control Event. All shares of Common Stock issued upon the exercise or conversion of this Warrant will, upon issuance, be fully paid and non-assessable and free from all taxes, liens, and charges with respect thereto.

Section 3.

Cashless Exercise. (i) If there is not a registration statement registering sales of the Warrant Shares under the Securities Act of 1933, as amended, in effect on the date which is 270 days from the Original Issue Date (the "Registration Deadline"), then from and after the Registration Deadline and continuing until there is such a registration statement in effect or (ii) in connection with an automatic exercise of this Warrant in accordance with the next-to-last Sentence of Section 2(a) of this Warrant, in lieu of exercising this Warrant pursuant to Section 2, the Holder may elect (or shall be deemed to have elected, as the case may be) to receive, without payment by the Holder of any additional consideration, shares of Common Stock equal to the value of this Warrant (or the portion thereof being cancelled) by surrender of this Warrant at the principal office of the Company together with an Exercise Notice, in which event the Company shall issue to the Holder a number of shares of Common Stock computed using the following formula:

$$X = \frac{Y(A - B)}{A}$$

Where:

X = The number of shares of Common Stock to be issued to the Holder pursuant to this cashless exercise;

Y = The number of Warrant Shares in respect of which the cashless exercise election is made or deemed made;

A = The fair market value of one (1) share of Common Stock at the time the cashless exercise election is made; and

B = The Exercise Price (as adjusted to the date of the cashless exercise).

For purposes of this Section 3, the fair market value of one (1) share of Common Stock as of a particular date shall be determined as follows: (i) if listed or quoted for trading on a securities market or exchange, the value shall be deemed to be the average closing price of the securities on such exchange over the thirty (30) day period ending three (3) days prior to the cashless exercise election; (ii) if traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty (30) day period ending three (3) days prior to the cashless exercise election; and (iii) if there is no active public market, the value shall be the fair market value thereof, as jointly determined in good faith by the Holder and the Company's Board of Directors. If the Holder and the Company's Board of Directors are unable to reach such a determination, the Holder and the Company's Board of Directors shall jointly select an appraiser, who is experienced in such matters. The decision of such appraiser shall be final and conclusive, and the cost of such appraiser shall be borne equally by the Holder and the Company.

Section 4.

Adjustments to Warrant Shares; Antidilution. The Exercise Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this Section 4.

(a) Subdivisions, Combinations and Other Issuances. If the Company shall at any time prior to the expiration of this Warrant subdivide its Common Stock, by split-up or otherwise, or combine its Common Stock, or issue additional shares of its Common Stock as a dividend, the number of Warrant Shares issuable on the exercise of this Warrant shall forthwith be proportionately increased in the case of a subdivision or stock dividend, or proportionately decreased in the case of a combination. Appropriate adjustments shall also be made to the Exercise Price, but the aggregate Exercise Price payable for the total number of Warrant Shares purchasable under this Warrant (as adjusted) shall remain the same. Any adjustment under this Section 4(a) shall become effective at the close of business on the date the subdivision or combination becomes effective, or as of the record date of such dividend, or in the event that no record date is fixed, upon the making of such dividend.

(b) Reclassification, Reorganization and Consolidation. In case of any reclassification, capital reorganization, or change in the Common Stock of the Company (other than as a result of a subdivision, combination, or stock dividend provided for in Section 4(a) above), then, as a condition of such reclassification, reorganization, or change, lawful provision shall be made, and duly executed documents evidencing the same from the Company or its successor shall be delivered to the Holder, so that the Holder shall have the right at any time prior to the expiration of this Warrant to purchase, at a total price equal to that payable upon the exercise of this Warrant, the kind and amount of shares of stock and other securities and property receivable in connection with such reclassification, reorganization, or change by a holder of the same number of shares of Common Stock as were purchasable by the Holder immediately prior to such reclassification, reorganization, or change. In any such case appropriate provisions shall be made with respect to the rights and interest of the Holder so that the provisions hereof shall thereafter be applicable with respect to any shares of stock or other securities and property

deliverable upon exercise hereof, and appropriate adjustments shall be made to the Exercise Price payable hereunder, provided the aggregate Exercise Price shall remain the same.

(c) Full Ratchet. Upon the occurrence of an event which causes a reduction of the Conversion Price (as defined in the Certificate of Designation) of the Series D Convertible Preferred Stock pursuant to Section 5(d)(vii) of the Certificate of Designation (or would cause such a reduction if the Series D Convertible Preferred Stock were then outstanding), (i) the Exercise Price of this Warrant shall be reduced to one and one-half times the revised Conversion Price; and (ii) the number of shares of Common Stock for which this Warrant is exercisable shall equal the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such reduction of the Exercise Price times a fraction (x) the numerator of which is the Exercise Price immediately prior to such reduction, and (y) the denominator of which is the reduced Exercise Price (as set forth in clause (i) immediately above).

(d) Calculations. All calculations under this Section 4 shall be made to the nearest cent or the nearest 1/100th of a share, as applicable. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock.

(e) Warrant Shares. The Company covenants and agrees that all Warrant Shares which may be issued will, upon issuance, be validly issued, fully paid, and non-assessable. The Company further covenants and agrees that the Company will at all times have authorized and reserved, free from preemptive rights, a sufficient number of shares of its Common Stock to provide for the exercise of this Warrant in full.

Section 5.

Notice of Adjustments. Upon the occurrence of any adjustment pursuant to Section 4, the Company at its expense will promptly compute such adjustment in accordance with the terms of this Warrant and prepare a certificate setting forth such adjustment, including a statement of the adjusted Exercise Price, describing the transactions giving rise to such adjustment and showing in detail the facts upon which such adjustment is based. When any such adjustment is required to be made, the Company will promptly, but in any event no later than ten (10) days after said adjustment, notify the Holder of the event giving rise to such adjustment and deliver a copy of each such certificate to the Holder.

Section 6.

Registration Rights. The Holder shall be entitled to registration rights with respect to the Warrant Shares as set forth in the Investors Rights Agreement (the "Investors Rights Agreement") by and between the Holder and the Company, dated August 27, 2009.

Section 7.

No Stockholder Rights. This Warrant shall not entitle the Holder to any voting rights or other rights as a stockholder of the Company until such time as the Holder has exercised this Warrant and received shares of Common Stock pursuant to the provisions hereof.

Section 8.

Transfer of Securities.

(a) This Warrant and the Warrant Shares and any shares of capital stock received in respect thereof, whether by reason of a stock split or share reclassification thereof, a stock dividend thereon, or otherwise, shall not be transferable except in compliance with the provisions of the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws with respect to the transfer of such securities. The Holder, by acceptance of this Warrant, agrees to be bound by the provisions this Section 8 hereof and to indemnify and hold harmless the Company against any loss or liability arising from the disposition of this Warrant or the Warrant Shares issuable upon exercise hereof or any interest in either thereof in violation of the provisions of this Warrant.

(b) Each certificate for the Warrant Shares and any shares of capital stock received in respect thereof, whether by reason of a stock split or share reclassification thereof, a stock dividend thereon, or otherwise, and each certificate for any such securities issued to subsequent transferees of any such certificate shall (unless otherwise permitted by the provisions hereof) be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAW AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, SUCH REGISTRATION AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE FORM AND SUBSTANCE OF WHICH IS ACCEPTABLE TO THE ISSUER."

Section 9.

Replacement of Warrant. If this Warrant is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation hereof, or in lieu of and substitution for this Warrant, a new warrant, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and customary and reasonable bond or indemnity, if requested.

Section 10.

Miscellaneous.

(a) The terms of this Warrant shall be binding upon and shall inure to the benefit of any successors or permitted assigns of the Company and the Holder.

(b) Except as otherwise provided herein, this Warrant and all rights hereunder are transferable in whole or in part, at any time and from time to time, by the registered holder hereof in person or by duly authorized attorney on the books of the Company upon surrender of this Warrant, properly endorsed, to the Company. The Company may deem

and treat the registered holder of this Warrant at any time as the absolute owner hereof for all purposes and shall not be affected by any notice to the contrary.

(c) Notwithstanding any provision herein to the contrary, the Holder may not sell, transfer, or otherwise assign this Warrant unless the Company is provided with an opinion of counsel reasonably satisfactory in form and substance to the Company, to the effect that such sale, transfer, or assignment would not violate the Securities Act or applicable state securities laws.

(d) All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing, by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be: (i) if to the Company, to: Merriman Curhan Ford Group, Inc., 600 California Street, 9th Floor, San Francisco, California 94108, Attention: Chief Financial Officer, telecopier: 415-248-5690, (ii) if to the Holder to: the address and telecopier number indicated on the signature pages to the Settlement Agreement, as the case may be.

(e) This Warrant shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to principles of conflicts of law. With respect to any disputes arising out of or related to this Warrant, the parties consent to the exclusive jurisdiction of, and venue in, the state courts in the city of Chicago, and county of Cook, Illinois (or in the event of exclusive federal jurisdiction, the courts of the Northern District of Illinois). EACH OF THE PARTIES KNOWINGLY, INTENTIONALLY AND VOLUNTARILY WITH AND UPON THE ADVICE OF COMPETENT COUNSEL IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY. The Company agrees and acknowledges that any violation or breach of its covenants, agreements and undertakings contained in this Warrant shall cause Holder irreversible injury and, in addition to any other right or remedy available to a party at law or in equity, a Holder shall be entitled to enforcement by court injunction for specific performance of the obligations of the other party hereunder (without the requirement of posting a bond). Notwithstanding the foregoing sentence, nothing herein shall be construed as prohibiting a party from also pursuing any other rights, remedies or defenses, for such breach or threatened breach, including receiving damages and attorneys' fees. The election of any remedy shall not be construed as a waiver on the part of any party of any rights such party

might otherwise have at law or in equity. Said rights and remedies shall be cumulative except as limited in the Investors Rights Agreement. The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Warrant or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement.

(f) The headings herein are for convenience only, do not constitute a part of this Warrant and shall not be deemed to limit or affect any of the provisions hereof.

(g) In case any one or more of the provisions of this Warrant shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Warrant shall not in any way be affected or impaired thereby and the parties will attempt in good faith to agree upon a valid and enforceable provision which shall be a commercially reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Warrant.

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SIGNATURE PAGE
TO
MERRIMAN CURHAN FORD GROUP, INC.
COMMON STOCK PURCHASE WARRANT

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed in its name by its duly authorized officers under seal, and to be dated as of the date first above written.

MERRIMAN CURHAN FORD GROUP,
INC.

By:

Name:

Title:

[Signature Page to Merriman Curhan Ford Group, Inc. Common Stock Purchase Warrant]

ASSIGNMENT

(To be Executed by the Holder to effect a transfer of the foregoing Warrant)

FOR VALUE RECEIVED, the undersigned hereby sells, and assigns and transfers unto _____ the foregoing Warrant and the rights represented thereto to purchase shares of Common Stock, par value \$0.0001 per share, of MERRIMAN CURHAN FORD GROUP, INC. in accordance with terms and conditions thereof, and does hereby irrevocably constitute and appoint _____ Attorney to transfer the said Warrant on the books of the Company, with full power of substitution.

Holder:

Address

Dated: _____, 20____

In the presence of:

NOTICE OF EXERCISE

[To be signed only upon exercise of Warrant]

To: **MERRIMAN CURHAN FORD GROUP, INC.**

The undersigned Holder of the attached Warrant hereby irrevocably elects to exercise the Warrant for, and to purchase thereunder, _____ shares of Common Stock, par value \$0.0001 per share, of MERRIMAN CURHAN FORD GROUP, INC., issuable upon exercise of said Warrant and hereby surrenders said Warrant.

The undersigned herewith requests that the certificates for such shares be issued in the name of, and delivered to the undersigned, whose address is _____

If electronic book entry transfer, complete the following:

Account Number: _____

Transaction Code Number: _____

Dated: _____

Holder:

By:

Name:

Title:

NOTICE

The signature above must correspond to the name as written upon the face of the within Warrant in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT B

SETTLING PARTIES

AEG Facilities, Inc.
Craig Leipold
DGB Investments, Inc.
Federal Deposit Insurance Corporation, as Receiver for Security Pacific Bank
Heritage Bank of Commerce
Modern Bank, N.A.
Valley Community Bank