

NOTICE OF CLASS ACTION SETTLEMENT - SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES
**INDIVIDUALS AND BUSINESSES MAY CLAIM REFUNDS
 OF TELEPHONE TAXES PAID TO THE CITY OF LONG BEACH
 BETWEEN AUGUST 11, 2005 AND DECEMBER 19, 2008**

McWilliams v. City of Long Beach, Los Angeles Superior Court Case No. BC361469

Judge Maren E. Nelson authorized this notice.

SUMMARY OF THE SETTLEMENT

- The City of Long Beach (“City”) has agreed to pay up to \$16.6 million to settle a class action lawsuit seeking refunds of telephone taxes collected on telephone services utilized from August 11, 2005 to December 19, 2008 (the “Class Period”).
- **You must submit a claim by September 15, 2018 in order to be eligible to receive a payment.**
- You may claim the following standard refund amounts by completing the claim form and checking the boxes for each kind of service for which you paid telephone bills dated during the time period August 2005-December 2008. No additional documentation is required to claim these amounts:
 - \$46.00 – Mobile Telephone Service (*not including prepaid mobile service)
 - \$27.50 – Residential Landline Service
 - \$46.00 – Business Landline Service
- In the alternative, you may claim a refund based on the actual Long Beach Telephone Utility Users Tax (called the “UUT”) that you paid to the City of Long Beach for telephone services utilized during the August 11, 2005 to December 19, 2008 time period. In order to do so, you have the following options:
 - **Submit At Least 10 Phone Bills from August 2005 to December 2008** – To claim a refund for the full period under this option, submit at least one bill (or other carrier-provided document showing the UUT paid) from August 2005 to December 2005; at least three bills from 2006; at least three bills from 2007; and at least three bills from 2008; **OR**
 - **Submit 10 Recent Phone Bills** – If you paid the City UUT during the August 2005 through December 2008 time period, but you do not have copies of your phone bills from that time period and you are unable to obtain them from your carrier, you can submit 10 copies of recent telephone bills (or other carrier-provided documents) showing payment of the UUT to the City of Long Beach. In order to claim a refund for the full Class Period using this option you must submit 3 bills from each of three different calendar years, plus one bill from a fourth calendar year (*e.g.*, three bills from 2013, three bills from 2014, three bills from 2015, and one bill from 2016); **OR**
 - **Verizon and Sprint Customers** – If you had phone service with Verizon or Sprint during the August 2005 to December 2008 time period, and if you provide consent, the carriers will search for your UUT payment data and provide it to the claims administrator.
 - **T-Mobile Customers** - If you had phone service with T-Mobile during the August 2005 to December 2008 time period, T-Mobile will search for and send directly to you whatever UUT payment records they can locate. Email UUTclaimLongBeach@T-Mobile.com for details, or call 1-877-453-1304, ask for “Representative”, then request historical tax information as described in T-Mobile’s C2 document #440883.
- You are eligible to submit a claim if you paid the UUT at any time from August 11, 2005 to December 19, 2008, and have not already been paid a full refund by the City for such UUT, subject to offset for any refunds the City has already paid you. The tax was typically collected by telephone service providers through charges appearing on landline and mobile telephone bills.
- The actual amount of refund you receive may vary based on the number of eligible claims received and other factors.
- **This settlement affects your legal rights, regardless of whether you act or don’t act. Please read this notice carefully!**

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM FORM DEADLINE: SEPT. 15, 2018	You must submit a valid claim form to receive a payment in the mail from this settlement.
DO NOTHING	You will not receive any payment and any claim you have for a refund will be released and you will no longer have such a claim.
EXCLUDE YOURSELF DEADLINE: OCT. 15, 2018	Get out of the lawsuit. Get no payment. Keep your right to sue separately with your own lawyer. Exclusion instructions are provided in this notice.
OBJECT DEADLINE: SEPT. 28, 2018	You may write to the Court to comment on or detail why you do not like the settlement by following the instructions in this notice.

GO TO A COURT HEARING	You may also ask to speak to the Court about the fairness of the settlement. You do not need to attend the hearing to receive payment. The Final Settlement Hearing is on October 29, 2018, at 9:00 a.m. If you or your attorney go to the Hearing it will be at your own expense.
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- These rights and options—**and the deadlines to exercise them**—are explained further in this notice.
- The judge in charge of this case has given preliminary approval to this settlement, but payments will be made only after the judge gives final approval to the settlement and the settlement becomes effective pursuant to its terms. Please be patient.

WHAT IS THIS LAWSUIT ABOUT?

The lawsuit, called *McWilliams v. City of Long Beach*, case number BC361469, was filed by a Long Beach resident, John W. McWilliams, who believed that the City improperly required telephone service providers to collect tax on telephone services that were not legally taxable. Specifically, the plaintiff alleged that prior to December 19, 2008, the Long Beach UUT should have been collected only on local telephone service and long distance service where charges for calls varied by *both* time *and* distance. The plaintiff filed the lawsuit on behalf of himself and all other similarly situated taxpayers. Mr. McWilliams created the John W. McWilliams Telephone Tax Claim Living Trust on June 5, 2014, and appointed as Trustee Joseph Henchman of Tax Foundation, a non-profit tax policy research organization based in Washington, D.C., to preserve the claims in the event of his death. The City denied and continues to deny that the UUT was improperly collected.

WHY WAS THIS NOTICE ISSUED?

The Court issued this notice because you have a right to know about the proposed class action settlement which the Court has preliminarily approved and your rights and deadlines to act. If the Court grants final approval, and the settlement becomes final pursuant to its terms, valuable cash benefits will be distributed to Class Members who submit approved Claim Forms on or before September 15, 2018.

AM I A CLASS MEMBER?

The Settlement Class includes:

All persons, including corporate and non-corporate entities wherever organized and existing, who paid telephone utility user taxes to the City of Long Beach for residential landline service, business landline service and mobile telephone service utilized between August 11, 2005 and December 19, 2008, other than purely local service, teletypewriter exchange service, or long distance telephone service where the charge varied by both time and distance (the “Settlement Class”). The Settlement Class does not include prepaid mobile customers (which includes customers who purchased plans described as “pay as you go,” “pay as you talk,” “pay and go wireless,” “prepay or burner phone service” and “no contract service”) but does include prepaid mobile service providers, *i.e.*, those that provide the above services to customers who prepay for wireless service. “Purely local service” means local telephone service provided under a calling plan that does not include long distance telephone service or local telephone service where the charges for that service are separately stated on the bill to customers. The Settlement Class does not include any person, including corporate and non-corporate entities wherever organized and existing, to whom the City has already paid a full refund of UUT paid for services utilized during the Class Period.

WHAT IF I’M NOT SURE WHETHER I’M INCLUDED IN THE SETTLEMENT?

The UUT was typically collected on residential and commercial landlines if the service address of the phone number was within City limits. For mobile service, the UUT was typically collected if the billing address was located within City limits. Mobile service with no billing address (*i.e.*, prepaid mobile service) does not qualify. If you are not sure whether you or your business is included in the Class, you may call the toll-free number (833) 380-5573. You may also write with questions to the lawyers appointed to represent the members of the class whose contact information is on page 4 of this notice. **DO NOT CALL THE COURT.**

WHAT DO I HAVE TO DO TO RECEIVE A CASH PAYMENT FROM THE SETTLEMENT FUND?

The person who paid the phone bill must submit a valid claim **postmarked by September 15, 2018** and the claim must be approved by the Claims Administrator. Claims can be completed online at the settlement website, www.LBTaxRefund.com, or by printing a Claim Form from the settlement website or requesting one from the Claims Administrator and submitting it via U.S. Mail. You can claim a standard refund amount, and you may also provide proof of the tax paid to claim an actual refund amount.

You cannot claim an actual refund amount and a standard refund amount for the same kind of service (*e.g.*, you cannot claim a standard mobile refund and also submit mobile bills for an actual refund amount claim). You may, however, claim the standard refund amount for one kind of service and claim the actual amount for another kind of service (*e.g.*, a standard refund claim for mobile and an actual refund claim for landline). For the standard refund claims, one standard refund will be issued for each

QUESTIONS? CALL (833) 380-5573 TOLL FREE, OR VISIT WWW.LBTAXREFUND.COM

account regardless of the number of phones affiliated with that account.

A. Standard Refund Claims: You may claim the following standard refund amounts by checking the boxes on the claim form for UUT you paid for each kind of service that you utilized during the time period August 2005 to December 2008. No additional documentation is required to claim these amounts:

\$46.00 – Mobile Telephone Service¹

\$27.50 – Residential Landline Service

\$46.00 – Business Landline Service

You can check more than one box if you paid for more than one kind of telephone service (*e.g.*, you can claim mobile and residential landline). For business claimants, only a business that was registered with the City of Long Beach during the August 2005 to December 2008 time period is eligible to claim the business landline service amount.

B. Actual Amount Refund Claims: You may also claim a refund based on the actual amount of UUT that you paid to the City of Long Beach for telephone services utilized during the August 2005 to December 2008 time period by submitting copies of telephone bills or other carrier-provided proof. There are several options for submitting the required documentary evidence.

- **Submit At Least 10 Phone Bills from August 2005 to December 2008** – To claim a refund for the full period under this option, submit at least one bill (or other carrier-provided document showing the UUT paid) from August 2005 to December 2005; at least three bills from 2006; at least three bills from 2007; and at least three bills from 2008; **OR**
- **Submit 10 Recent Phone Bills** – If you paid the City UUT during the August 2005 to December 2008 time period, but you do not have copies of your phone bills from that time period and you are unable to obtain them from your carrier, you can submit 10 copies of recent telephone bills (or other carrier-provided documents) showing payment of the UUT to the City of Long Beach. In order to claim a refund for the full Class Period using this option you must submit 3 bills from each of three different calendar years, plus one bill from a fourth calendar year (*e.g.*, three bills from 2013, three bills from 2014, three bills from 2015, and one bill from 2016); **OR**
- **Verizon and Sprint Customers** – If you had phone service with Verizon or Sprint during the August 2005-December 2008 time period, and if you provide consent, the carriers will search for your UUT payment data and provide it to the claims administrator.
- **T-Mobile Customers** - If you had phone service with T-Mobile during the August 2005 to December 2008 time period, T-Mobile will search for and send directly to you whatever UUT payment records they can locate. Email UUTclaimLongBeach@T-Mobile.com for details, or call 1-877-453-1304, ask for “Representative”, then request historical tax information as described in T-Mobile’s C2 document #440883.

You must submit bills or other proof of the amount paid for services utilized during the period August 2005 to December 2008 and your Recognized Claim Amount will be based solely on the amount reflected on the proof submitted. For landline service, the Recognized Claim Amount will be 70% of the amount of the UUT paid to the City of Long Beach. For mobile service the Recognized Claim Amount will be 100% of the amount of the UUT paid to the City of Long Beach.

HOW MUCH CAN I GET FROM THIS SETTLEMENT?

The actual amount paid or donated will depend on the number of claims submitted and other factors. Please see the Settlement Agreement available on the Settlement website, www.LBTaxRefund.com, for additional information.

WHEN WILL I RECEIVE MY CASH PAYMENT?

Payments cannot be made until the settlement is approved by the Court, becomes final pursuant to its terms, and the claims process and administration process is complete. Please be patient. Status updates will be posted on the settlement website at www.LBTaxRefund.com.

IF YOU MOVE

If your claim is approved, your payment will be sent to the address you provide. If you change addresses, you must contact the Claims Administrator at (833) 380-5573 to report any change of your address. Failure to report a change of address may result in you not receiving the monetary benefits of the settlement.

EXCLUDING YOURSELF FROM THE SETTLEMENT

The deadline to exclude yourself from this settlement is October 15, 2018. If you don’t want a payment from this settlement, and you want to keep the right to sue or continue to sue the City of Long Beach about the taxes at issue in this lawsuit on your own, then you must exclude yourself by submitting online or by U.S. Mail postmarked **no later than October 15, 2018** a letter

¹ Please note: Prepaid mobile telephone service does not qualify for a refund claim.

saying that you want to be excluded from the settlement to: *McWilliams v. City of Long Beach*, c/o JND Legal Administration, P.O. Box 91304, Seattle, WA 98111. Be sure to include your name, address, telephone number, and signature. You must also verify that you are a Class Member by providing your telephone number(s) and address(es) during the Class Period.

THE LAWYERS REPRESENTING YOU

The Court has appointed the following Class Counsel to represent the Class:

Daniel Krasner Rachele R. Rickert Marisa C. Livesay WOLF HALDENSTEIN ADLER FREEMAN & HERZ LLP 750 B Street, Suite 2770 San Diego, CA 92101	Nicholas E. Chimicles Timothy N. Mathews CHIMICLES & TIKELLIS, LLP One Haverford Centre 361 West Lancaster Avenue Haverford, PA 19041
Jonathan W. Cuneo CUNEO GILBERT & LADUCA, LLP 4725 Wisconsin Ave, Ste 200 Washington, DC 20016	Jon Tostrud TOSTRUD LAW GROUP PC 1925 Century Park East, Suite 2125 Los Angeles, CA 90067

ADMINISTRATIVE EXPENSES, ATTORNEYS' FEES AND EXPENSES, AND PLAINTIFF INCENTIVE AWARD

The Court-appointed lawyers for the Class ("Class Counsel") will ask the Court to approve payment of administrative expenses to be paid from the settlement amount to cover the costs of claims processing and administration of the settlement, as well as any notice costs. Class Counsel will also ask the Court to award up to 25% of the settlement amount (or \$4.15 million) for attorneys' fees and will also request reimbursement of their expenses, not to exceed \$125,000.00. Class Counsel undertook the investigation and litigation of this action on a contingent basis. They have litigated this case for over ten years, including successfully overturning a lower court decision on appeal to the Supreme Court of California. They have received no compensation to date, and they have incurred significant out-of-pocket costs that have not been reimbursed. The named plaintiff will also ask the Court for \$6,000 to compensate him for the time and effort he devoted to this case as a Class Representative.

OBJECTING TO THE SETTLEMENT

You may only object if you are a Class member and you do not exclude yourself from the settlement. You can object on your own or you may hire a lawyer. You can tell the Court that you don't agree with the settlement or some part of it by sending a letter to the Claims Administrator so that it is received **on or before September 28, 2018**, saying that you object to the settlement. Your objection must contain all of the following: (1) a heading referring to: *McWilliams v. City of Long Beach*, Case No. BC361469; (2) a statement of the legal and factual bases for your objection; (3) your name, address, telephone number, and email address; (4) copies of telephone bills dated during the Class Period or other evidence of membership in the Class; and (5) your signature and the signature of your counsel (if you are represented by counsel). The Court will consider your objection. If your objection is mailed in time, you do not have to attend the Final Settlement Hearing described below.

Any objection to the Settlement must be served by first class mail, or email, or otherwise delivered to the Claims Administrator so that it is received by September 28, 2018. The Claims Administrator is: *McWilliams v. City of Long Beach*, c/o JND Legal Administration, P.O. Box 91304, Seattle, WA 98111.

THE COURT'S FINAL APPROVAL HEARING

The Court will hold a hearing at 9:00 a.m. on October 29, 2018, at 312 North Spring Street, Los Angeles, California 90012 in Department 17, to decide whether the proposed settlement is fair and reasonable. You may attend at your own expense, and you may ask to speak, but you are not required to do so. If the Final Settlement Hearing is rescheduled, a notice of the new date or time will be posted on the settlement website, www.LBTaxRefund.com. After the hearing, the Court will decide whether to approve the settlement. We do not know how long the decision will take. Please be patient.

GETTING MORE INFORMATION

This notice summarizes the proposed settlement. More details are in the Settlement Agreement. All court records in this litigation, including complete copies of the Settlement Agreement, may be examined during regular court hours at the office of the Clerk of the Court, prior to April 15, 2018 at 600 South Commonwealth Avenue, Los Angeles, CA 90005, and thereafter at 111 North Hill Street, Room 212, Los Angeles, CA 90012, or at any public kiosk in the Los Angeles Superior Court buildings. You can also get a copy of the Settlement Agreement and other important information as well as answers to frequently asked questions by visiting the settlement website at www.LBTaxRefund.com or by calling the Claims Administrator at (833) 380-5573 toll free. **DO NOT CONTACT THE COURT DIRECTLY WITH ANY QUESTIONS ABOUT THE SETTLEMENT.**

QUESTIONS? CALL (833) 380-5573 TOLL FREE, OR VISIT WWW.LBTAXREFUND.COM