

**INDIVIDUALS AND BUSINESSES MAY CLAIM REFUNDS OF TELEPHONE TAXES PAID TO THE CITY OF LOS ANGELES BETWEEN OCTOBER 19, 2005 AND MARCH 15, 2008.**

*Ardon v. City of Los Angeles: Judge Amy D. Hogue authorized this notice.*

**SUMMARY OF THE SETTLEMENT**

- The City of Los Angeles (“City”) has agreed to pay up to \$92.5 million to settle a class action lawsuit seeking refunds of taxes collected for telephone services utilized from October 19, 2005 to March 15, 2008 (the “Class Period”). The settlement resolves the lawsuit; it avoids costs and risks from continuing the lawsuit; pays money to Class Members; and releases the City from liability.
- **You must submit a claim by June 19, 2016 in order to be eligible to receive a payment.**
- You are eligible to submit a claim if you paid the Los Angeles Telephone Utility Users Tax (called the “UUT”) at any time from October 19, 2005 to March 15, 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.
- You may claim the following standard refund amounts by completing the claim form and checking the boxes for each kind of service that you paid for telephone bills dated during the time period October 19, 2005-March 15, 2008. No additional documentation is required to claim these amounts:
  - \$50 - Mobile Telephone Service (not including prepaid mobile service)
  - \$30 - Residential Landline Service
  - \$50 - Business Landline Service
- In the alternative, for any of the above types of telephone service, you may claim a refund based on the actual UUT that you paid to the City of Los Angeles for telephone services utilized during the October 19, 2005-March 15, 2008 time period by submitting copies of your telephone bills or other proof of the amount of UUT paid.
- Instead of receiving a refund payment, you may choose to have any refund for which you are deemed eligible donated to certain funds that support various City programs.
- The actual amount 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!**

<b>SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT</b>	
<b>SUBMIT A CLAIM DEADLINE: JUNE 19, 2016</b>	You must submit a valid claim form to receive a payment in the mail from this settlement or to direct that such payment be instead donated to one of four designated funds that support City services.
<b>DO NOTHING</b>	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.
<b>EXCLUDE YOURSELF DEADLINE: JULY 28, 2016</b>	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.
<b>OBJECT DEADLINE: JULY 12, 2016</b>	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.
<b>GO TO A COURT HEARING</b>	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 August 11, 2016, at 10:00 a.m. If you or your attorney go to the Hearing it will be at your own expense.

- 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 *Ardon v. City of Los Angeles*, case number BC363959, was filed by a Los Angeles resident who believes that the City improperly required telephone service providers to collect tax on telephone services that were not legally taxable. Specifically, the plaintiff alleges that prior to March 15, 2008, the Los Angeles 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. 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 before June 19, 2016.

## 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 Los Angeles for residential landline service, business landline service and mobile telephone service utilized between October 19, 2005 and March 15, 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 wireless 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 wireless 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 that separately states the charge for local service 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 1-888-643-6490. 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 June 19, 2016 and the claim must be approved by the Claims Administrator. Claims can be completed online at the settlement website, [www.LATaxRefund.com](http://www.LATaxRefund.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 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 October 19, 2005-March 15, 2008. No additional documentation is required to claim these amounts:

\$50 - Mobile Telephone Service <sup>1</sup>

\$30 - Residential Landline Service

\$50 – 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 Los Angeles during the October 19, 2005-March 15, 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 Los Angeles for telephone services utilized during the October 19, 2005-March 15, 2008 time period by submitting copies of your telephone bills or other proof of the amount paid.

You must submit bills or other proof of the amount paid for services utilized during the period October 19, 2005-March 15, 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 Los Angeles. For mobile service the Recognized Claim Amount will be 100% of the amount of the UUT paid to the City of Los Angeles.

### **HOW CAN I DONATE MY REFUND TO SUPPORT CITY SERVICES?**

Instead of receiving a refund check, you may choose to donate any refund for which you are determined eligible to one of the following funds that support various City programs by filling the corresponding circle on the claim form you submit:

The Greater Los Angeles Zoo Association

The Library Foundation of Los Angeles

The Animal Welfare Trust Fund of the City of Los Angeles Animal Services

The Los Angeles Parks Foundation

### **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.LATaxRefund.com](http://www.LATaxRefund.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.LATaxRefund.com](http://www.LATaxRefund.com).

### **IF YOU MOVE**

If your claim is approved, your payment will be sent to the address you provide unless you direct that your payment be donated to one of the funds described above. If you change addresses, you must contact the Claims Administrator at 1-888-643-6490 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**

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 Los Angeles 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 July 28, 2016 a letter saying that you want to be excluded from the settlement to: *Ardon v. City of Los Angeles* Claims Administrator, P.O. Box 30196, College Station, TX 77842-3196. 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.

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

## THE LAWYERS REPRESENTING YOU

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

Francis M. Gregorek  
Rachele R. Rickert  
Marisa C. Livesay  
Wolf Haldenstein Adler Freeman & Herz LLP  
750 B Street, Suite 2770  
San Diego, CA 92101

Jonathan W. Cuneo  
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507 C Street, NE  
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Nicholas E. Chimicles  
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Haverford, PA 19041

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 expected to be up to approximately \$6,148,000 in 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 20% of the settlement amount (or \$18.5 million) for attorneys' fees and reimbursement of their expenses. The City has reserved the right to object to a fee and expense application in excess of \$15 million. Class Counsel undertook the investigation and litigation of this action on a contingent basis. They have litigated this case for over eight 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 \$10,000 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 **July 12, 2016**, saying that you object to the settlement. Your objection must contain all of the following: (1) a heading referring to: *Ardon v. City of Los Angeles*, Case No. BC363959; (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 July 12, 2016. The Claims Administrator is *Ardon v. City of Los Angeles* Claims Administrator, P.O. Box 30196, College Station, TX 77842-3196.

### THE COURT'S FINAL SETTLEMENT HEARING

The Court will hold a hearing at 10:00 a.m. on August 11, 2016, at Central West Courthouse, 600 S Commonwealth Ave. Los Angeles, CA 90005 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.LATaxRefund.com](http://www.LATaxRefund.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, 600 South Commonwealth Avenue, Los Angeles, CA 90005. 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.LATaxRefund.com](http://www.LATaxRefund.com) or by calling the Claims Administrator at 1-888-643-6490 toll free.

### DO NOT CONTACT THE COURT DIRECTLY WITH ANY QUESTIONS ABOUT THE SETTLEMENT.

Mailed by Order of the Court.

DATED: September 8, 2015

Hon. Amy D. Hogue

California Superior Court  
County of Los Angeles