

If You Bought a TelexFree AdCentral or AdCentral Family Package, a Class Action Settlement May Affect You And You May Have a Time Sensitive Claim to Recover Monies You Lost.

A Federal Court authorized this Notice. This is not a solicitation from a lawyer. You are not being sued.

- A class action lawsuit brought on behalf of victims of the TelexFree pyramid scheme is currently pending.
- Plaintiffs allege that they were injured as a result of the Defendants' assistance and participation in the TelexFree pyramid scheme. Defendants dispute Plaintiffs' claims.
- Three settlements have been reached in this litigation regarding claims against twelve parties, nine of which are Defendants and three of which are related third-parties (the "Settling Defendants/Related Parties"). The first settlement is with Defendants Base Commerce, LLC (formerly known as Phoenix Payments, LLC), John Hughes, Brian Bonfiglio, John Kirchhefer and Alex Sidel (collectively, the "Base Commerce Defendants"). The second settlement is with Defendant Synovus Bank ("Synovus") (collectively with the Base Commerce Defendants, the "Base/Synovus Defendants"). The third settlement is with Defendants Joseph Craft and Craft Financial Solutions, Inc. (together the "Craft Defendants") and related third -parties BWFC Processing Center, LLC, ACE LLP and Audra Craft (collectively with the Craft Defendants, the "Craft Parties").
- Your legal rights will be affected whether you act or don't act. This Notice includes information on the settlements and the lawsuit. Please read the entire Notice carefully.
- The Court in charge of this case still has to decide whether to approve the settlements.

YOUR LEGAL RIGHTS AND OPTIONS	
OBJECT BY MAY 22, 2020	Submit your objection explaining why you disagree with the settlements and/or the requested attorneys' fees, litigation expenses, and incentive awards. <i>See Question 9 for more information.</i>
EXCLUDE YOURSELF BY MAY 22, 2020	The only option that allows you to individually sue the Settling Defendants/Related Parties about the claims asserted in this case. You will no longer be a member of the settlement classes and you will not receive any funds from these settlements. <i>See Question 9 for more information.</i>
GO TO THE HEARING ON JULY 22, 2020	Ask to speak in Court about any aspect of the settlements and/or the requested attorneys' fees, litigation expenses, and incentive awards. <i>See Question 9 for more information.</i>

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

In re: TelexFree Securities Litigation

Case No. 4:14-md-2566-TSH

DO NOTHING	<p>You will remain a member of the settlement class. You will give up any rights you currently have to separately sue the Settling Defendants/Related Parties for the conduct that is the subject of the lawsuits.</p> <p><i>See Questions 9–10 for more information.</i></p>
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WHAT THIS NOTICE CONTAINS

Basic Information..... Page 2

1. Why did I get this Notice?
2. Who are the Defendants?
3. What is this lawsuit about?
4. What is the status of the litigation?
5. What is a class action?

The Settlement Class..... Page 4

6. How do I know if I’m part of the settlement classes?
7. What do the settlements provide?
8. When can I get a payment?
9. What are my rights in the settlement classes?
10. What am I giving up to stay in the settlement classes?

The Settlement Approval Hearing Page 7

11. When and where will the Court decide whether to approve the settlements?
12. Do I have to attend the hearing?

The Lawyers Representing You Page 7

13. Do I have a lawyer in the case?
14. How will the lawyers be paid?

Getting More Information Page 8

15. How do I get more information?

BASIC INFORMATION

1. Why did I get this Notice?

Records indicate that you may have purchased one or more TelexFree AdCentral or AdCentral Family packages and suffered a net loss between January 1, 2012, and April 16, 2014.

A “net loss” is defined as having occurred when the class member invested more funds in TelexFree than he or she withdrew.

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Case No. 4:14-md-2566-TSH

You have the right to know about the case and about your legal rights and options before the Court decides whether to approve the settlements.

This Notice explains the litigation, the settlements, and your legal rights.

The litigation is before Judge Timothy S. Hillman of the United States District Court for the District of Massachusetts and the case is called *In re: TelexFree Securities Litigation*, Case Number 4:14-md-2566-TSH. The people who sued are called Plaintiffs and the companies and people they sued are called Defendants.

2. Who are the Defendants?

The Defendants fall into several categories.

TelexFree Entities: TelexElectric, LLLP, and Telex Mobile Holdings, Inc.

TelexFree, Inc., TelexFree, LLC, and TelexFree Financial, Inc. are not currently named as Defendants in the litigation due to their Chapter 11 bankruptcy protections.

The other Defendants are people and entities alleged to have participated in, or aided or abetted, the pyramid scheme.

TelexFree Founders, Principals, Executive Office Members, and Associated Individuals: James M. Merrill, Carlos N. Wanzeler, Carlos Roberto Costa, Steven M. Labriola, Joseph H. Craft, Ana Paula Oliveira, Andreia B. Moreira, and Katia Wanzeler.

Other Co Conspirators: Sanderley Rodrigues de Vasconcelos, Santiago de la Rosa, Randy N. Crosby, Scott Miller, Faith R. Sloan, and Daniil Shoyfer.

Attorney Defendants: Gerald P. Nehra, Esq., Gerald P. Nehra, Attorney at Law, PLLC, Law Offices of Nehra and Waak, Garvey Schubert Barer, P.C., Robert Weaver, Samuel C. Kauffman, Gary P. Tober, Sara P. Sandford, Jeffrey A. Babener, and Babener & Associates.

Other Professional Services Providers: The Sheffield Group, Inc.

Accountant Defendants: Joseph H. Craft, Craft Financial Solutions, LLC.

Bank Defendants: Fidelity Co-operative Bank, John F. Merrill and Synovus Bank.

Payment Processing Service Companies: International Payout Systems, Inc., ProPay, Inc., Base Commerce, LLC, John Hughes, Alexander Sidel, Jason Doolittle, John Kirchhefer, Brian Bonfiglio, Vantage Payments, LLC, Dustin Sparman, Allied Wallet, Ltd., Bank Card Consultants, Inc., and John Yurick.

Investment Services Providers: Wells Fargo Advisors, LLC, and Mauricio Cardenas.

3. What is this lawsuit about?

Plaintiffs allege that they were injured as a result of the Defendants' assistance and participation in the TelexFree Pyramid/Ponzi Scheme.

For More Information: Call (877) 829-4140 or Visit www.TelexFreeSettlement.com

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

In re: TelexFree Securities Litigation

Case No. 4:14-md-2566-TSH

Plaintiffs allege that TelexFree, Inc., TelexFree, LLC, TelexFree Financial, Inc. and its related entities and individuals operated an illegal scheme whereby it sold memberships and ostensibly paid its promoters for placing advertisements for a voice over internet protocol (“VOIP”) product, but in reality paid them to recruit other investors whose new membership fees kept the scheme afloat. Plaintiffs further allege that TelexFree, Inc., TelexFree, LLC, TelexFree Financial, Inc. and its related entities and individuals carried out other related ongoing operations including money laundering and the transfer of funds and operations offshore and beyond the reach of the United States justice system. Plaintiffs allege that TelexFree’s business and operations constituted a hybrid illegal Pyramid/Ponzi Scheme. Plaintiffs seek compensation for the economic loss they suffered as a result of the Defendants’ participation in, or aiding or abetting of, TelexFree’s illegal Scheme. Plaintiffs also seek equitable relief.

Defendants dispute Plaintiffs’ claims. The Court has not yet decided who is right.

4. What is the status of the litigation?

These are the first settlements in the litigation. The litigation will continue against the other named Defendants until all Defendants reach a settlement or the case is dismissed or goes to trial. The funds obtained may be used for the benefit of the class in the ongoing litigation.

5. What is a class action?

In a class action, one or more people, called class representatives, sue on behalf of people who have similar claims. All these people are members of the class, except for those who exclude themselves from the class.

Important information about the case will be posted on the website, **www.TelexFreeSettlement.com**, as it becomes available. Please check the website to be kept informed about any future developments.

THE SETTLEMENT CLASSES

6. How do I know if I’m part of the settlement classes?

The settlements have the same settlement class definition. For the settlements, the settlement class includes persons who purchased TelexFree AdCentral or AdCentral Family packages and suffered a Net Loss during the period from January 1, 2012, to April 16, 2014.

A “Net Loss” means that the class member invested more funds than they withdrew.

7. What do the settlements provide?

Three settlements have been reached. The first settlement is with Base Commerce, LLC (formerly known as Phoenix Payments, LLC), John Hughes, Brian Bonfiglio, John Kirchhefer and Alex Sidel (the “Base Agreement”), and the second settlement is with Synovus Bank (the “Synovus Agreement”). Defendant Jason

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UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

In re: TelexFree Securities Litigation

Case No. 4:14-md-2566-TSH

Doolittle is not a party to the Base Settlement Agreement but is being released/dismissed as a former officer of Base Commerce.

The Base Agreement provides for payments totaling \$1,575,000 in cash. The settlement also provides for continuing cooperation by the Base Commerce Defendants, including providing testimony from witnesses. In return for these payments and benefits, settlement class members are required to give up their claims against the Base Defendants, their parents, subsidiaries, affiliates, divisions, predecessors and successors, their respective past and present officers, directors and employees.

The Synovus Agreement provides for payments totaling \$425,000 in cash. The settlement also provides for continuing cooperation by Synovus, including providing testimony from witnesses. In return for these payments and benefits, settlement class members are required to give up their claims against Synovus Bank.

The third settlement is with Joseph Craft, Craft Financial Solutions, Inc., BWFC Processing Center, LLC, ACE LLP and Audra Craft (the "Craft Agreement").

The Craft Agreement provides for a payment of \$100,000 in cash. The settlement also provides for continuing cooperation by the Craft Parties, including providing testimony from witnesses. In return for these payments and benefits, settlement class members are required to give up their claims against the Craft Defendants, BWFC Processing Center, LLC, ACE LLP, their disclosed parents, subsidiaries, affiliates, divisions, predecessors and successors, their respective past and present officers, directors and employees, insurers, reinsurers, and Audra Craft.

More details are in the settlement agreements, available at www.TelexFreeSettlement.com.

8. When can I get a payment?

No money will be distributed to any Class Member yet. The lawyers will continue to pursue the lawsuit against the other, non-settling Defendants to see if any future settlements or judgments can be obtained in the case and then the funds will be distributed in the best method available in order to reduce administrative expenses.

The plan of distribution for the settlement funds will depend on the total amount recovered from the Defendants, attorney fees and case costs. You will be notified when and how to submit a claim. The plan of distribution for the settlement funds must be approved by the Court before the funds can be distributed.

9. What are my rights in the settlement classes?

Remain in the Settlement Classes: If you wish to remain a member of the settlement classes, you do not need to take any action at this time. If you remain in the settlement classes and participate in the settlement you retain your right to administratively contest the amount you are awarded after you are notified what that amount is.

Opt Out of the Settlement Classes: If you wish to keep your rights to sue the Settling Defendants/Related Parties about the conduct alleged in this litigation, any act or omission of the Settling Defendants/Related Parties alleged in the Complaints as it relates to the TelexFree Scheme or any conduct alleged and causes of action asserted or that could have been alleged or asserted, in any class action or other complaints filed in this

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UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

In re: TelexFree Securities Litigation

Case No. 4:14-md-2566-TSH

litigation, you must exclude yourself from the settlement class or classes. You will not get any money from the settlements from which you exclude yourself.

To exclude yourself from the settlement class or classes, you must send a letter that includes the following:

- a) Your name, home address at time of your transactions with TelexFree, your current home address if different, your phone number, your current email, your email address(es) at the time you conducted business with TelexFree, evidence of your transactions with TelexFree, and your estimate of the date range of your transactions with TelexFree, your estimated dollar transactions with TelexFree;
- b) the name and contact information for all legal counsel(s) that you have consulted with as relates to TelexFree or that represent you;
- c) A statement saying that you wish to be excluded from the settlement class in *In re TelexFree Securities Litigation* – Case No. 4:14-md-2566-TSH, as to each Settling Defendant/Related Party (Base Commerce, LLC, Synovus Bank, John Hughes, Brian Bonfiglio, John Kirchhefer, Alexander Sidel, Joseph Craft, Craft Financial Solutions, Inc., BWFC Processing Center, LLC, ACE LLP, and Audra Craft) for which you wish to retain your rights to sue; and
- d) Your signature and the date you sign.

You must mail your exclusion request, postmarked no later than **May 22, 2020**, to:

TelexFree Securities Litigation
c/o A.B. Data, Ltd.
ATTN: EXCLUSIONS
P.O. Box 173001
Milwaukee, WI 53217

Remain in the settlement classes and object: You can ask the Court to deny approval of one or more of the settlements by filing an objection. You can't ask the Court to order a larger settlement; the Court can only approve or deny the settlements. If the Court denies approval of a settlement, no payments from that settlement will be sent out and the lawsuit will continue. If that is what you want to happen, you must object.

You may object to the proposed settlements in writing. You may also appear at the Fairness Hearing, either in person or through your own attorney. If you appear through your own attorney, you are responsible for paying that attorney. All written objections and supporting papers must:

- a) Include your name, address, telephone number, and email address (if any);
- b) Contain documentary proof of your membership in this class action;
- c) Clearly identify the case name and number (*In re TelexFree Securities Litigation* – Case No. 4:14-md-2566-TSH);
- d) Be submitted to the Court either by mailing them to the Clerk's Office, United States District Court for Massachusetts, Donohue Federal Building, 595 Main Street, Worcester, Massachusetts 01608 or by filing them in person at any location of the United States District Court for Massachusetts; and

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UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

In re: TelexFree Securities Litigation

Case No. 4:14-md-2566-TSH

e) Be filed or postmarked on or before **May 22, 2020**.

10. What am I giving up to stay in the settlement class?

Unless you exclude yourself from the relevant settlement class(es), you can't sue the Base Commerce Defendants, Synovus, or the Craft-Related Parties or be part of any other lawsuit against the Base Commerce Defendants, Synovus, or the Craft-Related Parties, or their disclosed parents, subsidiaries, affiliates, divisions, predecessors and successors, their respective past and present officers, directors and employees, insurers, reinsurers, about the legal issues in this case. It also means that all of the decisions made by the Court will bind you. The "Release of Claims" included in the settlement agreements covers all claims against the Settling Defendants/Related Parties relating to TelexFree and includes any causes of action asserted or that could have been asserted in the lawsuit.

The precise terms and conditions of the settlement agreements are available at www.TelexFreeSettlement.com.

THE SETTLEMENT APPROVAL HEARING

11. When and where will the Court decide whether to approve the settlements?

The Court will hold a Fairness Hearing in Courtroom 2 at **2:15 p.m. on July 22, 2020**, at the United States District Courthouse, Donohue Federal Building, 595 Main Street, Worcester, Massachusetts 01608. The hearing may be moved to a different date or time without additional notice, so it is a good idea to check the settlement class website for information. At this hearing, the Court will consider whether the settlements are fair, reasonable, and adequate. If there are objections, the Court will consider them at that time. After the hearing, the Court will decide whether to approve the settlements. We do not know how long this decision will take.

12. Do I have to attend the hearing?

No. Class Counsel will answer any questions the Court may have. But you are welcome to come at your own expense. If you file or mail an objection, you don't have to come to Court to talk about it. As long as you filed or mailed your written objection on time, the Court will consider it. You may also pay another lawyer to attend, but it's not required.

THE LAWYERS REPRESENTING YOU

13. Do I have a lawyer in the case?

Yes. The Court has appointed the law firm of Bonsignore Trial Lawyers, PLLC to represent you as Interim Lead Counsel. The Court has also appointed the following attorneys to represent you as members of the Interim Executive Committee: Ronald Dardeno of the Law Offices of Frank L. Dardeno, LLP; William L. Coulthard of Kemp, Jones & Coulthard, LLP; D. Michael Noonan of Shaheen and Gordon; R. Alexander Saveri of Saveri & Saveri, Inc.; and William Baldiga of Brown Rudnick LLP (collectively "Class Counsel"). You do not have to

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UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

In re: TelexFree Securities Litigation

Case No. 4:14-md-2566-TSH

pay Class Counsel. If you want to be represented by your own lawyer, and have that lawyer appear in court for you in this case, you may hire one at your own expense.

The contact information for Class Counsel is as follows:

Robert J. Bonsignore, Esq. Lisa Sleboda, Esq. Bonsignore Trial Lawyers, PLLC 3771 Meadowcrest Drive Las Vegas, NV 89121 Telephone: 781-856-7650	Ronald A. Dardeno, Esq. Law Offices of Frank N. Dardeno 424 Broadway Somerville, MA 02145 Telephone: 617-666-2600	William L. Coulthard, Esq. Michael J. Gayan, Esq. Kemp, Jones & Coulthard, LLP 3800 Howard Hughes Parkway Seventeenth Floor Las Vegas, NV 89169 Telephone: 702-385-6000
D. Michael Noonan, Esq. Shaheen and Gordon 140 Washington Street P.O. Box 977 Dover, NH 03821 Telephone: 603-749-5000	R. Alexander Saveri, Esq. Saveri & Saveri, Inc. 706 Sansome Street San Francisco, CA 94111 Telephone: 415-217-6810	William R. Baldiga, Esq. Brown Rudnick LLP One Financial Center Boston, MA 02110 Telephone: 617-856-8586

14. How will the lawyers be paid?

Class Counsel will submit an Application for Attorneys' Fees, Expenses, and Class Representative Incentive Awards to be heard at the same time as the Fairness Hearing on **July 22, 2020**. Class Counsel will ask the Court for attorneys' fees of one-third of the total settlement fund, or \$700,000.00, plus reimbursement of their costs as approved by the Court. In accordance with the provisions of the settlement agreements Class Counsel will also request payment for the actual cost of class notice not to exceed \$300,000.

Class Counsel will also ask the Court to approve incentive awards of \$25,000 for each of the proposed class representatives totaling \$125,000.

Class Counsel will file their Application for Attorneys' Fees, Expenses, and Class Representative Incentive Awards on or before **April 17, 2020**. On the same day, Class Counsel will post their Application for Attorneys' Fees, Expenses, and Class Representative Incentive Awards on the settlement website, **www.TelexFreeSettlement.com**. You may comment on or object to Class Counsel's Application for Attorneys' Fees, Expenses, and Class Representative Incentive Awards by following the procedure set forth in Question 9 above. Any comment or objection must be filed with the Court or postmarked by **May 22, 2020**.

GETTING MORE INFORMATION

15. How do I get more information?

This notice summarizes the proposed settlements. For the precise terms and conditions of the settlements, please see the settlement agreements available at **www.TelexFreeSettlement.com**. You can also get more information by contacting Class Counsel at the addresses listed above under Question 13, by accessing the Court docket in

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UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

In re: TelexFree Securities Litigation

Case No. 4:14-md-2566-TSH

this case through the Court's Public Access to Court Electronic Records (PACER) system at <https://ecf.mad.uscourts.gov/cgi-bin/login.pl>, or by visiting the office of the Clerk of the Court for the United States District Court for the District of Massachusetts, Donohue Federal Building, 595 Main Street, Worcester, Massachusetts 01608 between 8:30 a.m. and 5:00 p.m., Monday through Friday, excluding Court holidays.

PLEASE DO NOT TELEPHONE THE COURT OR THE CLERK'S OFFICE TO INQUIRE ABOUT THE SETTLEMENT OR THE CLAIM PROCESS.

Dated: March 19, 2020

BY ORDER OF THE COURT