

If You Bought a TelexFree AdCentral or AdCentral Family Package, Class Action Settlements Totaling Over \$95 Million May Affect Your Rights.

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.
- New settlements totaling \$95,525,000 have now been reached in this litigation regarding claims against: T.D. Bank, N.A. (“TD Bank”); International Payout Systems, Inc., (“IPS”), Natalia Yenatska and Edwin Gonzalez (the “IPS Defendants”); and Ryan Mitchell and Telecom Logic (the “Mitchell” or “Mitchell/Telecom Logic Defendants”) (collectively the “Settling Defendants”).
- These are the fifth, sixth and seventh settlements reached in this litigation. Four settlements were previously reached with eleven Defendants and related third-parties and have received final approval by the Court.
- Your legal rights will be affected whether you act or do not act. This Notice includes information on the new 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.
- **This Notice and additional information translated in a variety of other languages is available by visiting www.TelexFreeSettlement.com. You may also call 877-829-4140 to obtain additional information in a variety of other languages. Translators are available upon request.**

YOUR LEGAL RIGHTS AND OPTIONS	
OBJECT BY DECEMBER 7, 2023	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 DECEMBER 7, 2023	This is the only option that allows you to individually sue the Settling Defendants about the claims asserted in this case. You will no longer be a member of the Settlement Class and you will not receive any funds from the settlements. <i>See Question 9 for more information.</i>
GO TO THE HEARING ON FEBRUARY 6, 2024, AT 2:00 P.M.	Ask to speak in Court about any aspect of the settlements and/or the requested attorneys’ fees, litigation expenses, and incentive awards. <i>See Questions 11–12 for more information.</i>

DO NOTHING	You will remain a member of the Settlement Class. You will give up any rights you currently have to separately sue the Settling Defendant for the conduct that is the subject of the lawsuits. <i>See Questions 9–10 for more information.</i>
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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 Settlement Class Member invested more funds in TelexFree than he or she withdrew.

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

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

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS
In re: TelexFree Securities Litigation, Case No. 4:14-md-2566-TSH

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, Craft Financial Solutions, LLC, Ana Paula Oliveira, Andreia B. Moreira, and Katia Wanzeler.

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.

Bank Defendants: TD Bank, N.A., Wells Fargo Bank, N.A., Michael Montalvo, Fidelity Co-operative Bank, John F. Merrill, and Synovus Bank.

Payment Processing Service Companies: International Payout Systems, Inc., Edwin Gonzalez, Natalia Yenatska, ProPay, Inc., Base Commerce, LLC, John Hughes, Alexander Sidel, Jason Doolittle, John Kirchhefer, Brian Bonfiglio, Vantage Payments, LLC, Dustin Sparman, Allied Wallet, Ltd., Allied Wallet, Inc., Ahmad Khawaja, Mohammed Diab, Amy Rountree, Priority Payout Corp., Thomas A. Wells, Bank Card Consultants, Inc., and John Yurick.

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

Other Defendants: Telecom Logic, LLC, and Ryan James Mitchell.

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.

Plaintiffs allege that TelexFree, Inc., TelexFree, LLC, TelexFree Financial, Inc., and their related entities and individuals operated an illegal scheme whereby they sold memberships and ostensibly paid 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 their related entities and individuals carried out other related ongoing operations, including, but not limited to, 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

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business and operations constituted an illegal Pyramid/Ponzi Scheme. Plaintiffs seek compensation for the economic loss they suffered as a result of the Defendants' alleged participation in, and/or aiding or abetting of, TelexFree's illegal Scheme. Plaintiffs also seek equitable relief.

Defendants dispute Plaintiffs' claims. Settling Defendants deny that they knew TelexFree was an illegal scheme when they provided banking services to the company. The Court has not yet decided who is right.

4. What is the status of the litigation?

These settlements with TD Bank, the IPS Defendants and the Mitchell/Telecom Logic Defendants are the fifth, sixth and seventh settlements reached in the litigation.

Four settlements, which have been approved by the Court, were previously reached regarding claims against fourteen parties, eleven of which are Defendants and three of which are related third-parties. The first settlement was 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 was with Defendant Synovus Bank. The third settlement was with Defendants Joseph Craft and Craft Financial Solutions, Inc. and related third-parties BWFC Processing Center, LLC, ACE LLP, and Audra Craft. The fourth settlement was with Fidelity Bank and John Merrill (the "Fidelity Bank Defendants"). For more information on these settlements, including the settlement agreements and related Court orders and filings, please visit www.TelexFreeSettlement.com.

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 CLASS

6. How do I know if I'm part of the Settlement Class?

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 Settlement Class Member invested more funds than they withdrew.

7. What do the settlements provide?

The settlement with TD Bank provides for a payment of \$95,000,000. The settlement with the IPS Defendants provides for a payment of \$500,000. The settlement with the Mitchell/Telecom Logic Defendants provides for a payment of \$25,000. All of the settlements also require continuing cooperation by the Settling Defendants to the

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extent set forth in their individual Settlement Agreements. In return for the payment and benefits, Settlement Class Members are required to give up their claims against Settling Defendants and their past, present, and future employees, officers, directors, incorporators, spouses, heirs, trusts, trustees, executors, estates, administrators, beneficiaries, distributees, foundations, agents, fiduciaries, partners, partnerships, joint ventures, member firms, limited liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, principals, managing directors, members, managers, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, advisors, consultants, brokers, dealers, lenders, attorneys, representatives, accountants, insurers, coinsurers, reinsurers, associates, and their related parties.

More details are in each of the Settlement Agreements, available at www.TelexFreeSettlement.com.

8. When can I get a payment?

No money will be distributed to any Settlement 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, and 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 Class?

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

Opt Out of the Settlement Class: If you wish to keep your rights to sue the Settling Defendant about the conduct alleged in this litigation, any act or omission of the Settling Defendant 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 litigation, you must exclude yourself from the Settlement Class. You will not get any money from the settlements if you exclude yourself.

To exclude yourself from the Settlement Class, you must send a letter that includes the following:

- a) Your name, home address at the time of your transactions with TelexFree, your current home address if different, your phone number, your current email address, your email address(es) at the time you conducted business with TelexFree, evidence of your transactions with TelexFree, your estimate of the date range of your transactions with TelexFree, and your estimated dollar transactions with TelexFree;
- b) the name and contact information for all legal counsel(s) that you have consulted with as it 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 the TD Bank, IPS Defendants and Mitchell/Telecom Logic Defendants for which you wish to retain your rights to sue; and

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d) Your signature and the date you sign.

You must mail your exclusion request, postmarked no later than **December 7, 2023**, to:

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

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

If you are a Settlement Class Member, 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 wish to speak at the Final Approval Hearing, you must send a letter informing the Clerk of the Court. If you appear through your own attorney, you are responsible for paying that attorney.

All written objections must be made under penalty of perjury and the supporting papers must include:

- a) A heading that clearly identifies the case name and number (*In re TelexFree Securities Litigation* – Case No. 4:14-md-2566-TSH);
- b) The objector's name, address, telephone number, and the contact information for any attorney retained in connection with the objection or otherwise in connection with the lawsuit;
- c) A detailed statement of the specific factual and legal basis for the objection to the proposed settlements with TD Bank, the IPS Defendants and the Mitchell/Telecom Logic Defendants;
- d) A statement as to whether the objector intends to appear at the Final Approval Hearing, either in person or through counsel, and, if through counsel, identifying the counsel by name, address, and telephone number;
- e) A list of any witnesses the objector may call at the Final Approval Hearing, together with a brief summary of each witness's expected testimony;
- f) A list of and copies of any exhibits which the objector may seek to use at the Final Approval Hearing;
- g) A list of any legal authority the objector may present at the Final Approval Hearing; and
- h) The objector's signature executed under penalty of perjury.

Objections must be submitted to the Court by mailing them to the Clerk’s Office, United States District Court for Massachusetts, Donohue Federal Building, 595 Main Street, Worcester, Massachusetts 01608.

Objections must be filed or postmarked on or before **December 7, 2023**.

10. What am I giving up to stay in the Settlement Class?

Unless you exclude yourself from the Settlement Class, you can’t sue Settling Defendants or be part of any other lawsuit against Settling Defendants, or their disclosed parents, subsidiaries, affiliates, divisions, predecessors, and successors, their respective past and present officers, directors and employees, and insurers and 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 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 **2:00 p.m. on February 6, 2024**, 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 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 attend the hearing at your own expense. If you file or mail an objection, you don’t have to attend the hearing to talk about it. As long as you filed or mailed your written objection on time and comply with the above objection requirements, 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 Lead Counsel and the Hon. Steven W. Rhodes (Ret.) Esq. of Detroit, Michigan, James Wagstaffe, Esq. of the WVBR Law Firm (San Francisco, CA), Esq. J. Gerard Stranch, Esq. of the Stranch, Jennings & Garvey, PLLC (Nashville Tennessee), R. Alexander Saveri, Esq. of the Saveri Law Firm (San Francisco, CA), Ronald Dardeno, Esq. of the Law Offices of Frank L. Dardeno, LLP (Somerville, MA); D. Michael Noonan of the Shaheen and Gordon law firm (Dover, NH) and Melanie Porter (Bonsignore) as Class Counsel for the Settlement Class. You do not have

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to 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. Bonsignore Trial Lawyers, PLLC 23 Forest St. Medford, MA 02155 Telephone: 781-856-7650	R. Alexander Saveri, Esq. Saveri & Saveri, Inc. 706 Sansome Street San Francisco, CA 94111 Telephone: 415-217-6810
D. Michael Noonan, Esq. Shaheen and Gordon 353 Central Ave., Suite 200 P.O. Box 977 Dover, NH 03820 Telephone: 603-749-5000	Ronald A. Dardeno, Esq. Law Offices of Frank N. Dardeno 424 Broadway Somerville, MA 02145 Telephone: 617-666-2600

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 **February 6, 2024**. Class Counsel will ask the Court for attorneys' fees of one-third of the total settlement fund, or \$31,523,250, plus reimbursement of their costs as approved by the Court. In accordance with the provisions of the Settlement Agreement, Class Counsel will also request payment for the actual cost of class notice not to exceed \$500,000.00.

Class Counsel will also ask the Court to approve an incentive award of \$10,000 for the proposed class representatives.

Class Counsel will file their Application for Attorneys' Fees, Expenses, and Class Representative Incentive Awards on or before **November 17, 2023**. 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 **December 7, 2023**.

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 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

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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: October 3, 2023

BY ORDER OF THE COURT