

# ATTACHMENT 1

**UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS**

**IN RE: TELEXFREE SECURITIES  
LITIGATION**

**MDL No. 4:14-md-2566-TSH**

**This Document Relates to:  
ALL CASES**

**ORDER PRELIMINARILY APPROVING SETTLEMENTS WITH  
DEFENDANTS RYAN MITCHELL, TELECOM LOGIC, INTERNATIONAL  
PAYOUT SYSTEMS, EDDIE GONZALEZ, NATALIA YENATSKA AND TD  
BANK, APPROVING FORM AND MANNER OF NOTICE, AND  
SCHEDULING HEARING ON FAIRNESS OF SETTLEMENT PURSUANT  
TO FED. R. CIV. P. 23(e)**

Before the Court is the Motion of Plaintiffs for an Order: (1) preliminarily approving the settlement with Ryan Mitchell, Telecom Logic (“Mitchell/Telecom Logic Defendants, International Payout Systems, Eddie Gonzalez, and Natalia Yenatska (“IPS Defendants”) and Defendant TD Bank, N.A. (“TD Bank”) and related individuals and entities (together, the “Settling Defendants”); (2) approving the form of notice (the “Notice”) and the dissemination of such Notice; (3) provisionally certifying a settlement class under Fed. R. Civ. P. 23(a) and (b)(3) for purposes of effectuating the settlement agreement and the final approval thereof (the “Settlement Class”); (4) scheduling a hearing to consider final approval of the settlement agreements (the “Settlement Agreements”) pursuant to Fed. R. Civ. P. 23(e), and (5) to consider the application for Attorneys’ Fees and Expenses by Class Counsel and the application for incentive awards to the Proposed Class Representative and other named plaintiffs. Upon the Court’s consideration of such Motion, the Settlement Agreement, and the pleadings and records on file, and good cause appearing, it is hereby ORDERED as follows:

1. To the extent not otherwise defined herein, all capitalized terms shall have the

same meaning as used in the Settlement Agreements.

2. The Court has jurisdiction over the subject matter of the cases comprising MDL 2566 and over all parties to those cases, including all members of the Settlement Class and the Settling Defendants.

3. The Settlement Agreements are hereby PRELIMINARILY APPROVED as appearing on their face to be fair, reasonable, and adequate; to be in the best interests of the Settlement Class; to fall within the range of possible final approval; to have been the product of serious, informed, and extensive arm's-length negotiations among the parties; to reflect a hard-fought compromise of claims that have been actively litigated before this Court since this MDL was established in October 2014; and to merit submission to the members of the Settlement Class for their consideration.

4. The Court hereby appoints Robert J. Bonsignore, BONSIGNORE TRIAL LAWYERS, PLLC, 23 Forest St., Medford, MA 02155 as Lead Counsel for the Settlement Class. The Court also hereby appoints the following attorneys as members of the Settlement Class Executive Committee: Hon. Steven W. Rhodes (Ret.), Esq., 1610 Arborview Blvd., Ann Arbor, MI 48103; James Wagstaffe, Esq., WVBR LAW FIRM, 100 Pine Street, Suite 2250, San Francisco California 94111, J. Gerard Stranch, IV, Esq., Stranch, Jennings & Garvey PLLC , 223 Rosa L. Parks Avenue, Suite 200, Nashville, Tennessee 37203, R. Alexander Saveri, Esq., Saveri & Saveri, Inc., 706 Sansome Street, San Francisco, CA 94111 Telephone: 415-217-6810; D. Michael Noonan, Esq. Shaheen & Gordan, P.A., 140 Washington Street, P.O. Box 977, Dover, NH 0382; and Ronald A. Dardeno, Esq., Law Offices Of Frank N. Dardeno, 424 Broadway, Somerville, MA 02145 (collectively "Class Counsel").

5. The Court further finds that class counsel has zealously represented the putative class.

6. The Court finds that the form as provided in Attachment C to the Memorandum in Support of the Motion for Preliminary Approval and method of Notice to the Settlement Class is APPROVED.

7. TelexFree has conducted its business via the internet and communicated with Class Members through email, and this digital means of providing notice by email is the best practicable under the circumstances. Notice by email to members of the Settlement Class meets the requirements of Rule 23 of the Federal Rules of Civil Procedure and satisfies the due process rights of the Class Members. The proposed notice plan is designed to effectively reach potential Class Members utilizing direct notice by email, will deliver plain language notice that will capture potential Class Members' attention and provide them with the information in an informative and easy to understand manner that is necessary to effectively understand their rights and options. The additional support including a toll-free number and a website also supports the proposed method and manner of notice. The Notice will provide that Class Members may request exclusion by sending a written, mailed request to the Claims Administrator.

8. The Court hereby APPROVES the selection of A.B. Data, Ltd. to perform the duties of the Claims Administrator for the Settlement Agreements.

9. The Claims Administrator shall provide notice to the Settlement Class in substantially the form provided in Attachment C to the Memorandum in Support of the Motion for Preliminary Approval. Notice shall also be provided to Stephen Darr, as Trustee of the bankruptcy estates of TelexFree, LLC and TelexFree Financial, Inc.

10. On or before five days after Preliminary Approval, the Settling Defendants shall provide notice of the proposed settlement to appropriate Federal and State Officials, pursuant to 28 U.S.C. § 1715, and to Stephen Darr, as Trustee of the bankruptcy estates of TelexFree, LLC and TelexFree Financial, Inc.

11. The Claims Administrator shall serve the Notice and shall file an affidavit or declaration attesting to the dissemination of the Notice and listing all valid requests for exclusion from the Settlement Class.

12. The Court finds further that the form and manner of delivery of the Notice directed hereby and in the Settlement Agreements meet the requirements of Fed. R. Civ. P. 23(e)(1)(B) and due process, constitute the best notice practicable under the circumstances, and shall constitute due and sufficient notice to all members of the Settlement Class.

13. A Final Approval Hearing is hereby SCHEDULED to be held before the Court on \_\_\_\_\_, 2023, at \_\_\_\_m in Courtroom \_\_\_\_\_ for the following purposes:

- a) to determine finally whether the Settlement Class satisfies the applicable prerequisites for class action treatment under Fed. R. Civ. P. 23(a) and (b)(3);
- b) to determine whether the proposed Settlement Agreements are fair, reasonable, and adequate, and should be approved by the Court;
- c) to determine whether the Final Judgment should be entered, and to determine whether the Settling Defendants should be released from liability as provided in Paragraphs 21-24 of the TD Bank Settlement, Paragraphs 20-22 of the IPS Settlement, and Paragraphs 36-39 of the Ryan Mitchell/Telecom Logic Settlement;
- d) to determine whether the Class benefits described in Paragraphs 10-15 of the TD Bank Settlement Agreement, Paragraphs 11-30 of the Mitchell/Telecom Logic Settlement Agreement, and Paragraphs 10-15 of the IPS Settlement Agreement are fair and reasonable, and should be approved by the Court;
- e) to consider whether the application by Class Counsel for an award of Attorneys' Fees and Expenses and for incentive payments to Class Representatives and other named Plaintiffs, as referenced in Paragraph 43 of the TD Bank Settlement,

Paragraph 39 of the IPS Agreement, and Paragraph 56 of the Ryan Mitchell/Telecom Logic Settlement, are fair and reasonable and should be approved by the Court; and

- f) to rule upon such other matters as the Settlement Agreements contemplate, and as the Court may deem appropriate.

14. The parties' papers with respect to any matter to be considered during the Final Approval Hearing, including any application for an award of Attorneys' Fees and Expenses, together with papers in support thereof, shall be filed with the Court and served on all other parties on or before \_\_\_\_\_, 2023. Copies of such materials shall be available for inspection at the Office of the Clerk.

15. At the Final Approval Hearing, the Court shall consider comments or objections to the certification of the Settlement Class under Fed. R. Civ. P. 23(a) and (b)(3), the Settlement Agreement, the Class benefits provided by the Settlement Agreement, and the requests for awards of Attorneys' Fees and Expenses and the incentive awards, but only if such comments or objections and any supporting papers are filed in writing or electronically with the Clerk of the Court, United States District Court for the District of Massachusetts, Robert M. Farrell, Donohue Federal Building, 595 Main Street, Worcester, Massachusetts 01608, on or before a date that is thirty (30) days after the initial dissemination of class Notice, and, by the same date, copies of all papers are served on each of the following:

**Lead Class Counsel:**

Robert J. Bonsignore  
Bonsignore Trial Lawyers, PLLC  
23 Forest St.  
Medford, MA 02155  
Telephone: 781-354-1800  
Email: rbonsignore@classactions.us

**TD Bank Counsel:**

Lynn K. Neuner  
SIMPSON THACHER & BARTLETT LLP  
425 Lexington Avenue  
New York, NY 10017  
Tel: (212) 455-2000  
Fax: (212) 455-2502  
lneuner@stblaw.com

**Ryan Mitchell Telecom  
Logic Counsel**

Timothy S. DeJong  
Stoll Berne  
209 SW Oak Street  
Suite 500  
Portland, Oregon 97024  
Tel: (503) 227-1600  
Fax: (503) 227-6840

**International Payout  
Systems, Eddie  
Gonzalez, and Natalia  
Yenatska Counsel**

Richard Zach  
Troutman Pepper  
Hamilton, Sanders, LLP  
3000 Two Logan Square  
Eighteenth and Arch Streets  
Philadelphia, PA 19103  
Tel: (215) 981-4726

16. Persons wishing to speak at the Final Approval Hearing must send a letter so informing the Clerk of the Court, Lead Class Counsel, and Settling Defendants' Counsel, following the procedure set forth in the Notice.

17. Attendance at the Final Approval Hearing is not necessary in order to object to the Settlement Agreement; however, persons wishing to object orally at the Final Approval Hearing to

the approval of the Settlement Agreements or any provision thereof, or the requests for Attorneys' Fees and Expenses or incentive awards, shall state in their written objection(s) their intention to appear at the Final Approval Hearing. As specified in the Notice, written objections must be made under penalty of perjury and must include the following information:

- a) A heading referring to the lawsuit;
- b) The Objector's name, address, telephone number, and the contact information for any attorney retained by the Objector in connection with the objection or otherwise in connection with the lawsuit;
- c) A detailed statement of the specific factual and legal basis for each objection;
- 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.

18. Any member of the Settlement Class may request exclusion by submitting an Exclusion Letter, signed by the person requesting exclusion, as specified in the Notice. Such request must be postmarked on or before a date that is 30 days after the initial dissemination of class notice. The Court finds that the Notice adequately appraises Class Members of their right to request exclusion and the procedure for doing so. A Class Member who submits a valid exclusion



request will not be bound by the release of any claims pursuant to Paragraphs 21-24 of the TD Bank Settlement, Paragraphs 20-22 of the IPS Settlement, and Paragraphs 36-39 of the Ryan Mitchell/Telecom Logic Settlement, will not be eligible to receive any benefits pursuant to Paragraphs 10-11 of the TD Bank Settlement Agreement, Paragraphs 11-12 of the Mitchell/Telecom Logic Settlement Agreement, and Paragraphs 10-11 of the IPS Settlement Agreement, and will not be allowed to make any objection to the Settlement Agreements.

19. Settlement Class members who stay in the settlement will have further due process rights to administratively contest the amount they are awarded after they are notified what that amount is by sending a letter via certified or registered mail to the Claims Administrator postmarked no later than twenty-one (21) days after the date that the award is issued that includes:

- a) Their name, home address at time of their transactions with TelexFree, their current home address if different, their phone number, their current email address, their email address at the time they conducted business with TelexFree, evidence of their transactions with TelexFree, their estimate of the date range of their transactions with TelexFree, and their estimated dollar transactions with TelexFree;
- b) The name and contact information of all legal counsel(s) that they consulted with as relates to TelexFree;
- c) They may request to supplement their request for review up until a final decision has been made by the Claims Administrator; and
- d) They may further appeal a final decision of the Claims Administrator by appealing to Class Counsel within 7 days of the day they receive the Final Decision of the Claims Administrator by sending in a Request for Further Review together with any additional evidence they may have by certified or registered mail.

20. The Settlement Class is hereby PROVISIONALLY CERTIFIED for purposes of

settlement and as used herein consists of: “all persons worldwide who submit to the jurisdiction of this Court 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” is defined as placing more funds into TelexFree than the total funds withdrawn from TelexFree.

21. Plaintiff Jason Botelho, Rudeimaia A. Calcano, Anthony Cellucci, Jose Manuel Cuevas, Karina G Ramirez Grazia, Orlando Guillon Llorente, Veronica Martinez, Jesus Alberto Matienzo, Frank Maximchuk, Lee Mwaura Njeri, Francisco Marino Olivares are hereby appointed as Class Representatives for the Settlement Class.

22. The Settlement Class satisfies the requirements of Fed. R. Civ. P. 23(b)(3) as follows:

- a) Members of the Settlement Class are sufficiently numerous that joinder of all members would be impracticable.
- b) The claims of the Proposed Class Representative for the Settlement Class are typical of the claims of the members of the Settlement Class.
- c) The Class Representative and Class Counsel are all fair and adequate to represent the interests of the Settlement Class.
- d) There exist questions of law and fact that are common to the claims of the Settlement Class members.
- e) The common questions of law or fact predominate over individualized issues for the Settlement Class members.
- f) A class action is superior to other methods available for resolving this controversy.

23. Pending the Final Approval Hearing, the parties and all members of the Settlement Class are hereby BARRED AND ENJOINED from instituting or prosecuting any action that asserts any claim asserted in any Consolidated Amended Complaint or covered by Paragraphs 21-24 of the TD Bank Settlement, Paragraphs 20-22 of the IPS Settlement, and/or Paragraphs 36-39 of the Ryan Mitchell/Telecom Logic Settlement

24. If the Settlement Agreements are terminated or the Court does not enter Final Judgment approving their terms, this Preliminary Approval Order shall be null, void and of no

further force or effect.

25. Neither the Settlement Agreements nor the Notice, nor any act performed or document executed pursuant to or in furtherance of the Settlement Agreement or the Notice is or may be deemed to be an admission of, or evidence of, the validity of any of Plaintiffs' claims in MDL 2566, or of any wrongdoing or liability on the part of the Settling Defendants.

26. The Court's certification of a Settlement Class as provided herein is without prejudice to, or waiver of, the rights of any non-settling Defendant to contest certification of any non-settlement class proposed in this Action. The Court's findings in this Order shall have no effect on the Court's ruling on any motion to certify any non-settlement class in this Action; and no party may cite or refer to the Court's approval of any Settlement Class as persuasive or binding authority with respect to any motion to certify any non-settlement class or any other dispositive motion filed by a non-settling Defendant. Nor shall such preliminary approval prejudice any rights, claims or defenses of any non-settling Defendant.

27. The Court hereby retains jurisdiction for purposes of implementing the Settlement Agreements and reserves the power to enter additional orders to effectuate the fair and orderly administration and consummation of the Settlement Agreements as may from time to time be appropriate for the resolution of any and all questions or disputes arising thereunder. The Court may, for good cause shown, extend any of the deadlines set forth in this Preliminary Approval Order or in the Settlement Agreements without notice, or further notice, to the Settlement Class, including the date of the Final Approval Hearing.

**SO ORDERED** this \_\_\_\_ day of \_\_\_\_\_, 2023.

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Timothy S. Hillman  
United States District Judge

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS**

**IN RE:**

**TELEXFREE SECURITIES LITIGATION**

**This Document Relates to:**

**ALL ACTIONS**

**MDL No. 4:14-md-2566-TSH**

**(Leave to file granted TO BE ORDERED  
BY COURT)**

**ORAL ARGUMENT REQUESTED**

**MOTION FOR PRELIMINARY APPROVAL OF SETTLEMENT WITH  
DEFENDANTS RYAN MITCHELL, TELECOM LOGIC,  
INTERNATIONAL PAYOUT SYSTEMS, EDDIE GONZALEZ, NATALIA  
YENATSKA, AND TD BANK, APPROVING FORM AND MANNER OF  
NOTICE, AND SCHEDULING HEARING ON FAIRNESS OF  
SETTLEMENT PURSUANT TO FED. R. CIV. P. 23(e) AND REQUEST  
FOR ORAL ARGUMENT**

Plaintiffs hereby move the Court, pursuant to Federal Rule of Civil Procedure 23, for preliminary approval of a settlement reached with Ryan Mitchell, Telecom Logic (“Mitchell/Telecom Logic Defendants”), International Payout Systems, Eddie Gonzalez and Natalia Yenatska (“IPS Defendants”), and Defendant TD Bank, N.A. (“TD Bank”) (together, the “Settling Defendants”). Plaintiffs seek entry of orders:

- (i) granting preliminary approval of the settlement agreement with the Settling Defendants;
- (ii) provisionally certifying a settlement class with respect to the settlement (the Settlement Class”);
- (iii) appointing Jason Botelho, Rudeimaia A. Calcano, Anthony Cellucci, Jose Manuel Cuevas, Karina G Ramirez Grazia, Orlando Guillon Llorente, Veronica Martinez, Jesus Alberto Matienzo, Frank Maximchuk, Lee Mwaura Njeri, and Francisco

Marino Olivares as Class Representatives of the Settlement Class;

- (iv) preliminarily appointing Robert Bonsignore, Esq. of Bonsignore Trial Lawyers, PLLC 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), J. Gerard Stranch, IV, Esq. of the Stranch, Jennings & Garvey, PLLC law firm (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;
- (v) approving the manner and form of notice given of the settlement to class members;
- (vi) approving the administrative appeal process for claimants dissatisfied with their award;
- (vii) establishing a timetable for publishing class notice and lodging objections to the terms of the settlement;
- (viii) approving a means by which class members may contest administrative findings related to their claims;
- (ix) setting a date for Final Approval; and
- (x) establishing a briefing schedule for Plaintiffs' application for an award of attorneys' fees and expenses and setting a hearing date therefor.

The grounds for this motion are that (1) the settlement agreement meets the requirements for approval pursuant to Federal Rule of Civil Procedure 23; (2) the form and manner of providing notice meet the requirements of Federal Rule of Civil Procedure 23; (3) the Settlement Class meets

the requirements for certification under Federal Rule of Civil Procedure 23; and (4) an application for an award of attorneys' fees, expenses and incentive awards is appropriate at this time so that the class members may receive notice and comment or object.

This motion is based upon this Motion and the Memorandum in Support of Preliminary Approval, the Declaration of Robert J. Bonsignore (Attachment 1 to the Memorandum), the Declaration of Eric Schachter (Attachment 2 to the Memorandum), the Proposed Class Notice (*Id.*), and the Proposed Order filed concurrently herewith, the complete files and records of this action, and such other written or oral arguments that may be presented to the Court. The Proposed Order granting this Motion is attached hereto as Attachment 1.

The Mitchell/Telecom Logic Defendants, the IPS Defendants, and Defendant TD Bank, N.A. assent to this Motion, pursuant to Federal Rule of Civil Procedure 23, for preliminary approval of the settlement.

**REQUEST FOR ORAL  
ARGUMENT**

Pursuant to Local Rule 7.1(d), Plaintiffs request oral argument.

**RULE 7.1 CERTIFICATION**

Pursuant to Local Rule 7.1(a)(2), the undersigned counsel for Plaintiffs contacted defense counsel by email on August 31, 2023 regarding this Motion and received no responses.

Dated: September 1, 2023

Respectfully submitted,

TELEXFREE CLASS PLAINTIFFS

By their attorneys,

/s/ Robert J. Bonsignore

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547880) (NH Bar No 21241)

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MDL 2566 Interim Lead Counsel

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**CERTIFICATE OF SERVICE**

I, Robert J. Bonsignore, hereby certify that on this 1st day of September 2023, I caused the foregoing to be electronically filed with the Clerk of the Court by using the Case Management/Electronic Case Filing (CM/ECF) system, which will send a notice of electronic filing to all parties registered with the CM/ECF system in the above-captioned matter. A copy will be forwarded via first class mail, postage prepaid, to those parties not electronically registered at their last and/or only known address.

*/s/ Robert J. Bonsignore*  
Robert J. Bonsignore