

If you contracted to receive payment processing services with Merchants' Choice Payment Solutions or Woodforest Bank, you may qualify for benefits from a class action settlement.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

- A settlement has been proposed to end a class action lawsuit brought against Merchants' Choice Payment Solutions ("Merchants' Choice"), Woodforest National Bank ("Woodforest"), and Paysafe Payment Processing Solutions, LLC ("Paysafe") (collectively "Defendants"). The lawsuit, referred to as *Al's Pals Pet Care, LLC, et al. v. Woodforest National Bank, N.A., et al.*, Case No. 4:17-CV-3852 (S.D. Tex.), alleges that Defendants caused merchants to unknowingly enroll in its payment processing services and assessed unauthorized charges. Defendants deny these allegations but have entered into this Settlement to avoid the expense and uncertainty of litigation.
- Under the Settlement, if approved by the Court, Defendants will pay \$15 million into a fund to be distributed to customers who contracted with or through Merchants' Choice for payment processing services from December 22, 2013, through September 18, 2018. Defendants have also agreed to amend their account terms and conditions and review and change their sales practices as part of the Settlement.
- Current Customers are eligible to receive a cash payment. If you are a Current Customer, you will automatically receive a cash payment via credit to your statement, electronic funds transfer (when feasible), or check. The amount of your cash payment will be based on a three-part formula, which is attached as Exhibit 1 to the Settlement Agreement.
- Former Customers who file a valid and timely claim are eligible to receive a cash payment via check. The amount of your cash payment will be based on a three-part formula, which is attached as Exhibit 1 to the Settlement Agreement. The deadline for filing your claim is **March 4, 2019**.
- The costs of notice and administration and, if approved by the Court, the fees and expenses of the lawyers representing the Class and Service Awards to the Class Representatives will be paid out of the Settlement Fund.
- The Court has scheduled a hearing on **January 30, 2019**, in Houston, Texas to decide whether to finally approve the Settlement and other related matters.

Your legal rights are affected whether you act or don't act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
DO NOTHING	If you are a Current Customer, you will automatically receive payment. If you are a Former Customer, you will get no compensation and forfeit your right to sue Defendants for the claims being resolved by this Settlement.
ACCEPT THE BENEFITS OF THE SETTLEMENT	If you are a Current Customer, you will automatically receive a payment. If you are a Former Customer, you must file a Claim Form to be eligible for a payment. This is the only way to get compensation from the Settlement if you are a Former Customer.
EXCLUDE YOURSELF FROM (OPT OUT OF) THE SETTLEMENT	If you ask to be excluded, you will not receive any benefits from the Settlement, but you may be able to file your own lawsuit.
OBJECT	You may remain in the case and file an objection telling the Court why you do not like the Settlement. If your objections are overruled, you will be bound by the Settlement.

**Questions? Call 1-877-877-2385 toll-free,
or visit www.MerchantsChoiceProcessingSettlement.com**

- These rights and options—and the deadlines to exercise them—are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and after any appeals are resolved. Please be patient.

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BASIC INFORMATION

1. Why did I get this Notice?

According to the records of Merchants' Choice, you either currently have an active payment processing account with Merchants' Choice or maintained an account with Merchants' Choice at some point from December 22, 2013, through September 18, 2018.

The Court authorized this Notice because you have a right to know about your rights under a proposed class action before the Court decides whether to approve the Settlement. If the Court approves the Settlement and after any objections and appeals are resolved, a Settlement Administrator appointed by the Court will make the cash payments that the Settlement allows.

This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

2. What is this lawsuit about?

The case is known as *Al's Pals Pet Care, LLC, et al. v. Woodforest National Bank, N.A., et al.*, Case No. 4:17-CV-3852, and is pending in the United States District Court for the Southern District of Texas. The eight merchants who sued are called the "Plaintiffs," and the companies they sued—Merchants' Choice, Woodforest, and Paysafe—are the "Defendants."

Plaintiffs contracted with Defendants to process payment card transactions. Plaintiffs claim that Merchants' Choice and its agents caused merchants to unknowingly enroll in its payment card processing services by misrepresenting facts or omitting material information during their cold-calls to merchants. Plaintiffs also claim that Merchants' Choice added certain unauthorized charges to their monthly invoices, specifically (1) annual fees, (2) batch header fees, (3) PCI program/compliance fees, (4) PCI non-compliance/non-validation fees, (5) gateway access fees, (6) Foundry/merchant fees, (7) monthly minimum discount fees, (8) non-qualified fees, (9) discount rates, (10) other discount fees (including signature debit rates), or (11) paper statement fees.

The lawsuit seeks to recover the amount that merchants were overcharged and other relief. Defendants deny that they acted improperly and assert they have no legal liability. The Court has not yet decided whether Plaintiffs' claims have merit.

3. Why is this a class action?

In a class action, one or more people or entities called "class representatives" sue on behalf of themselves and other people and entities with similar claims. All of these people and entities together are the "class" or "class members." One court resolves the issues for all class members, except for those who exclude themselves from the class. A class action allows the claims of all class members to be more efficiently resolved than individual lawsuits and provides a remedy for class members whose individual damages are not large enough to justify a lawsuit.

4. Why is there a settlement?

The Court has not decided in favor of Plaintiffs or Defendants. Instead, both sides agreed to a settlement. Settlements avoid the costs and uncertainty of a trial and related appeals, while providing benefits to the settlement class. The Class Representatives and the attorneys for the Settlement Class support the Settlement.

WHO IS PART OF THE SETTLEMENT

5. How do I know if I am part of the Settlement?

You are a member of the Class and affected by the Settlement if

- you contracted to receive payment card processing services from or through Merchants' Choice from December 22, 2013, through September 18, 2018; and
- you were charged any of the following fees: (1) annual fees, (2) batch header fees, (3) PCI program/compliance fees, (4) PCI non-compliance/non-validation fees, (5) gateway access fees, (6) Foundry/merchant fees, (7) monthly minimum discount fees, (8) non-qualified fees, (9) discount rates, (10) other discount fees (including signature debit rates), or (11) paper statement fees.

6. Are there exceptions to being included?

If you exclude yourself from the Settlement, you are no longer part of the Settlement Class and will no longer be eligible to receive any of the settlement benefits. This process of excluding yourself is also referred to as "opting out" of the Settlement.

THE SETTLEMENT BENEFITS

7. What does the Settlement provide?

Defendants will pay \$15,000,000.00 into a Settlement Fund to pay cash benefits to Class Members; the cost of notifying the Class and administering the Settlement; and, subject to the Court's approval, the fees and expenses of the lawyers who represent the Class and Service Awards to the Class Representatives.

Class Members who maintained one or more payment card processing accounts with or through Defendants as of September 18, 2018, are considered "Current Customers." If you are a Current Customer, you will automatically receive a payment via a credit on your statement, electronic funds transfer (where feasible), or check.

Class Members who are not Current Customers are considered "Former Customers." Former Customers are eligible for a payment via check but must file a valid and timely Claim Form to get it.

After all claims of Former Customers have been received, the following amounts will be totaled: payments to be made to Current and Former Customers; the costs of notice and administration; and the amount the Court authorizes for attorneys' fees and expenses for Class Counsel, and Service Awards to the Class Representatives. If this total is less than \$15 million but more than \$11 million, the amount remaining in the Settlement Fund after all obligations are paid will be returned to Defendants. If the total is less than \$11 million, Current Customers and Former Customers who file valid and timely claims will share an additional payment of the difference between the total and \$11 million. This additional payment may be made at the same time as the other cash payments described above.

Defendants will also amend their standard Merchant Payment Card Application – Terms & Conditions, or equivalent document, to reflect the following modifications:

Prior to increasing or adding any fees, Defendants will notify all affected customers in writing at least 30 days prior to the effective date of such increase or addition;

Any applicable early termination fee will be waived in the event of termination of the agreement by a merchant within 90 days of an increase in non-regulatory /non-pass-through fees; and

Customers will be permitted to dispute errors or charges on their statements within 90 days (rather than the current 30 days) from receipt or availability of their statements.

Defendants will also undertake a comprehensive review of their telemarketing practices and, based on the results of this review, will establish a training and retraining program for their independent sales offices/agents. Such training and retraining programs will include, but not be limited to, instruction that independent sales offices/agents should not imply or insinuate to prospective merchants that they are affiliated with the merchant's current payment processing service provider.

**Questions? Call 1-877-877-2385 toll-free,
or visit www.MerchantsChoiceProcessingSettlement.com**

8. How much will my cash payment or credit option be?

Current Customers and Former Customers who file a valid and timely claim will receive a cash payment calculated in the same way. 35% of the “Net Settlement Fund” will be divided equally among all Class Members. The remaining 65% of the Net Settlement Fund will be divided as follows: 40% will be divided based upon a formula using the number of months each Class Member was a customer during the relevant period (capped at 36 months); and 25% percent will be divided based on the dollar volume of transactions processed by Defendants for each Class Member during the relevant period. “Net Settlement Fund” means the amount of the Settlement Fund after deducting costs of notice and administration and the amount the Court authorizes for attorneys’ fees and expenses of Class Counsel (who are counsel representing the Class), Service Awards to the Class Representatives, and any taxes paid from the Settlement Fund.

You can find out more detail about the formula by reading the Settlement Agreement and Exhibit 1 attached to it at www.MerchantsChoiceProcessingSettlement.com. In addition, as described in Question 7 above, Current Customers and Former Customers who file a timely and valid claim may receive an additional amount depending on the number of Former Customers who file claims.

The approximate average amount of payments that will be made to each Class Member is shown on the email or postcard that was sent to you about the Settlement. Your payment may be less or greater than this average amount depending on the formulas described above and in the answer to Question 7. The actual amount of each Class Member’s payment will not be calculated until all the necessary information is available.

HOW TO GET A PAYMENT

9. How can I get a payment?

Current Customers will automatically receive a payment in the form of a credit on their statement or via electronic funds transfer. If for some reason that is not possible, a check will be mailed. It is not necessary for Current Customers to file a claim.

Former Customers must validly complete and submit a simple Claim Form to qualify for a payment via check. The Claim Form asks Former Customers to attest that they are in the Class and to provide their current contact information. You can fill out the Claim Form at www.MerchantsChoiceProcessingSettlement.com. Alternatively, you can download a Claim Form from the website or have one mailed by calling the Settlement Administrator at 1-877-877-2385, and then complete and return the Claim Form to the Settlement Administrator electronically through the website or by mail at P.O. Box 5110, Portland, OR 97208-5110. Former Customers must submit their claim online through the website, or mail it no later than **March 4, 2019**. Late claims will not be accepted.

10. When will I get the settlement benefits for which I am eligible?

The Court will hold a hearing on **January 30, 2019**, to decide whether to approve the Settlement. If the Court approves the Settlement, there may be appeals, which could take more than a year to resolve. Cash payments to Class Members will be made after the Settlement is finally approved and any appeals or other required proceedings have been completed. You may visit www.MerchantsChoiceProcessingSettlement.com for updates on the progress of the Settlement. Please be patient.

11. What am I giving up to get a settlement benefit or remain in the Class?

Unless you exclude yourself from the Settlement, you cannot sue Defendants or be part of any other lawsuit against Defendants about the issues this Settlement resolves. You will also be bound by all of the Court’s decisions and the release contained in the Settlement. The specific claims you will be giving up against Defendants are described in Section XII of the Settlement Agreement. Read it carefully. The Settlement Agreement is available at www.MerchantsChoiceProcessingSettlement.com.

If you have any questions, you can talk to the lawyers representing the Class, who are called “Class Counsel.” Their names are listed in Question 15, below. You will not be charged to talk to Class Counsel. Or, you can, of course, talk to your own lawyer at your own expense if you have questions about what this means.

If you want to keep your rights to sue (or continue to sue) Defendants based on the claims this Settlement resolves, you must take steps to exclude yourself from the Settlement Class (*see* Questions 12–14).

**Questions? Call 1-877-877-2385 toll-free,
or visit www.MerchantsChoiceProcessingSettlement.com**

EXCLUDING YOURSELF FROM THE SETTLEMENT

12. How can I exclude myself from the Settlement?

To exclude yourself from the Settlement, or “opt out,” you must send a letter by U.S. Mail that includes the following:

- The name of this proceeding (*Al’s Pals Pet Care, LLC, et al. v. Woodforest National Bank, N.A., et al.*);
- Your full name, address, and phone number;
- The words “Request for Exclusion” at the top of the document, or a statement in the body of the letter requesting exclusion from the Class; and
- Your signature.

You must mail your letter, postmarked no later than **January 2, 2019**, to the following address:

Merchants’ Choice Settlement Administrator
P.O. Box 5110
Portland, OR 97208-5110

If you ask to be excluded, you will not get any benefits under this Settlement, and you cannot object to the Settlement. You will not be legally bound by anything that happens in the lawsuit. You may be able to sue (or continue to sue) Defendants in the future. You cannot both exclude yourself from the Settlement and object to the Settlement. If you seek to exclude yourself and object, you will be deemed to have excluded yourself.

13. If I don’t opt out, can I sue Defendants for the same thing later?

No. Unless you exclude yourself from the Settlement, you give up any right to sue Defendants for the claims that this Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from this Class to continue your own lawsuit. Remember, the exclusion deadline is **January 2, 2019**.

14. If I exclude myself, can I get benefits from this Settlement?

No. If you are a Current Customer and exclude yourself, you will not receive a payment. If you are a Former Customer and exclude yourself, do not send in a Claim Form asking for a payment.

THE LAWYERS AND MERCHANTS REPRESENTING YOU

15. Do I have a lawyer in the case?

Yes. The Court appointed to represent you and other members of the Settlement Class the following lawyers: Adam Webb and Matt Klase of Webb, Klase & Lemond, LLC, in Atlanta, Georgia; and Andrew Meade, John Neese, and Leann Pinkerton of Meade & Neese, LLP, in Houston, Texas. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

16. How will the lawyers be paid?

You will not be asked to pay any of the lawyers’ fees or expenses. The lawyers representing the Class, who have not yet received any payment for their time or the expenses they have incurred, intend to ask the Court to pay them up to one third of the Settlement Fund to compensate them for their time and the financial risk that they took when they agreed to represent the Plaintiffs on a contingent basis and agreed that they would get paid only if the lawsuit obtained a recovery. In addition, the lawyers intend to ask the Court to reimburse them for all of the expenses they have incurred, up to \$75,000.00. The Court will determine the amount the lawyers will receive at the Final Approval Hearing on January 30, 2019. Defendants have agreed not to object to this request provided the Court authorizes fees of no more than one third of the Settlement Fund and expenses of no more than \$75,000.00.

Questions? Call 1-877-877-2385 toll-free,
or visit www.MerchantsChoiceProcessingSettlement.com

17. Will the Class Representatives get anything?

The Settlement Class is represented by the eight merchants who brought the case: Al's Pals Pet Care, LLC; DeFabio Spine and Sports Rehab, LLC; Julie Rudiger, Inc.; Mena Stone & Landscaping Supplies, LLC; Tulsa Art Center, LLC; Ban-A-Pest Extermination Co., Inc.; Fleetwood Chiropractic & Rehabilitation, PC; and Bayley Products, Inc. In addition to the benefits the Class Representatives will receive as members of the Settlement Class, Class Counsel intend to ask the Court to pay Service Awards of up to \$10,000.00 to each of the eight merchants to compensate them for the efforts and risk they took on behalf of the Class. Among those risks was the possibility they might have to pay Defendants' attorneys' fees and expenses as Defendants' contracts purportedly required. Defendants have agreed not to oppose the request. The Service Awards approved by the Court will be paid from the Settlement Fund. The Court will determine the amount of the Service Awards at the Final Approval Hearing on January 30, 2019.

OBJECTING TO THE SETTLEMENT

18. How do I tell the Court I don't like the Settlement?

If you are a Settlement Class Member, you can object to the Settlement if you do not think it is fair, reasonable, or adequate. You can give reasons why you think the Court should not approve it. The Court will consider your views. If you object to the Settlement and seek to exclude yourself, you will be deemed to have excluded yourself, and your objection will not be considered.

To object, you must do so in writing and serve the objection on the Court, Class Counsel, and the lawyers for Defendants at the addresses set forth below. Your objection must include the following:

- The name of this proceeding (*Al's Pals Pet Care, LLC, et al. v. Woodforest National Bank, N.A., et al.*);
- Your full name, address, and phone number;
- A written statement of your objections, as well as the specific reason for each objection, and any legal or factual support you wish to bring to the Court's attention;
- Any evidence or other information you wish to introduce in support of your objections;
- A statement of whether you or your counsel intends to appear and argue at the Final Approval Hearing;
- Evidence or other information showing that you are a member of the Settlement Class;
- Four dates before the Final Approval Hearing when you will be available to be deposed by the lawyers for the parties; and
- All other information specified in the Preliminary Approval Order (available on the Settlement Website, www.MerchantsChoiceProcessingSettlement.com).

If you hire a lawyer to represent you in preparing a written objection or appearing at the Final Approval Hearing, your lawyer must provide additional information as specified in the Preliminary Approval Order.

File your objection electronically with the Court or mail the objection to these places, postmarked no later than **January 2, 2019**:

Court	Settlement Class Counsel	Defense Counsel
David J. Bradley Clerk of the Court USDC, Southern District of Texas P.O. Box 61010 Houston, TX 77208	E. Adam Webb Matthew C. Klase WEBB, KLAKE & LEMOND, LLC 1900 The Exchange, S.E. Suite 480 Atlanta, GA 30339 Andrew K. Meade D. John Neese, Jr. Leann Pinkerton MEADE & NEESE LLP 2118 Smith Street Houston, TX 77002	Behnam Dayanim PAUL HASTINGS LLP 875 15 th Street, N.W. Washington, D.C. 20005 William K. Whitner PAUL HASTINGS LLP 1170 Peachtree Street, N.E. Suite 100 Atlanta, GA 30309

Questions? Call 1-877-877-2385 toll-free,
or visit www.MerchantsChoiceProcessingSettlement.com

19. What is the difference between objecting and excluding/opting out?

Objecting is simply telling the Court that you don't like something about the Settlement. You can object to the benefits provided by the Settlement or other terms of the Settlement only if you stay in the Settlement Class. Excluding yourself, or "opting out," is telling the Court that you don't want to be included in the Settlement. If you exclude yourself, you have no basis to object to the Settlement because the Settlement no longer affects you.

THE COURT'S FINAL APPROVAL HEARING

20. When and where will the Court decide whether to approve the Settlement?

The Court will hold a final approval hearing on **January 30, 2019, at 9:00 a.m.** in Courtroom 11A before the Honorable Kenneth Hoyt, United States District Court for the Southern District of Texas, 515 Rusk Avenue, Houston, Texas 77002. This hearing date and time may be moved. Please refer to the Settlement Website, www.MerchantsChoiceProcessingSettlement.com, for notice of any changes.

At the Final Approval Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate; how much Class Counsel will receive for fees and expenses; whether to approve Service Awards to the Class Representatives; and any other appropriate matters. If there are objections, the Court also will consider them. The Court will listen to people at the hearing who file in advance a timely notice of their intention to appear (*see* Question 18 and Preliminary Approval Order). At or after the Final Approval Hearing, the Court will decide whether to approve the Settlement. There is no deadline by which the Court must make its decision.

21. Do I have to attend the hearing?

No. Class Counsel will answer questions the Court may have. You are welcome, however, to come at your own expense. If you submit a written objection, you do not have to come to court to talk about it. As long as you submitted your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. If you or your own lawyer want to speak at the hearing, you must file a Notice of Intention to Appear and provide the other information required by the Preliminary Approval Order.

IF YOU DO NOTHING

22. What happens if I do nothing at all?

If you are a Settlement Class Member and do nothing, you will remain a part of the Settlement Class and will not be able to sue Defendants about the claims being resolved through the Settlement. If you are a Current Customer, you will automatically receive the cash payment to which you are entitled. If you are a Former Customer, you will receive nothing unless you file a claim.

GETTING MORE INFORMATION

23. How do I get more information?

This Notice summarizes the Settlement. More details are available in the Settlement Agreement itself. You can get a copy of the Settlement Agreement at www.MerchantsChoiceProcessingSettlement.com or by writing to Merchants' Choice Settlement Administrator, P.O. Box 5110, Portland, OR 97208-5110. The status of the Settlement will be posted on the Settlement Website. You may also call the Settlement Administrator toll free at 1-877-877-2385.

Please do not contact the Court with questions about the Settlement.