SAMUEL STOKES,	*	IN THE CIRCUIT COURT FOR
Plaintiff,	*	PRINCE GEORGE'S COUNTY
v.	*	Case No. C-16-CV-24-001546
NOVELPAY, LLC	*	
Defendant.	*	

* * * * * * * * * * *

Settlement Agreement

This Settlement Agreement (the "Agreement") is entered into this 27th day of November, 2024, by Plaintiff Samuel Stokes ("Representative Plaintiff"), acting individually and on behalf of the Class defined below, and Defendant NovelPay, LLC ("Settling Defendant" or "NovelPay")(collectively the "Parties"), by and through their undersigned counsel, in the above-captioned lawsuit.

I. RECITALS

1. Representative Plaintiff filed this putative class action lawsuit in the Circuit Court for Prince George's County on March 29, 2024 (the "Litigation").

2. The Litigation was brought to challenge NovelPay's practices in charging Representative Plaintiff and Settlement Class Members convenience fees (the "Service Fees") for paying rent, as well as homeowner's association ("HOA") fees and condominium owner's association ("COA") fees, through a mobile application. Representative Plaintiff alleges these practices were improper without a collection agency license under the Maryland Collection Agency Licensing Act Md. Code Ann., Bus. Reg. §§ 7-101 *et seq*. and without posting a bond in New Jersey pursuant to N.J.S.A. § 45:18-1.

3. Representative Plaintiff's First Amended Complaint (the "Complaint"), asserts statutory claims for violations of the Maryland Consumer Debt Collection Act, Md. Code Ann., Com. Law §§ 14-201 *et seq.* and the Maryland Consumer Protection Act, Md. Code Ann., Com. Law §§ 13-101 *et seq.*, and common law claims for Money Had and Received and Unjust Enrichment.

4. The Parties have each conducted extensive research into the applicable facts and law relating to the practices challenged by Representative Plaintiff in this case. NovelPay has provided substantial information about the practices challenged in this Litigation in connection with mediation.

5. The Parties' mediation efforts have been extensive and have included arms-length negotiations supervised by the Hon. William Connelly (Ret.) over two days of in-person mediation, resulting in the settlement memorialized by this Settlement Agreement (the "Agreement"). Judge Connelly supervised and facilitated all of the negotiations and communications which led to the ultimate terms of the settlement memorialized in this Agreement.

6. The parties recognize and acknowledge the benefits of settling this case. Class Counsel have taken into account the uncertain outcome and risks of the litigation, as well as the difficulties and delays inherent in such litigation and the likelihood of protracted appeals. Class Counsel have, therefore, determined that the settlement set forth in this Agreement is fair and reasonable and in the best interest of the Representative Plaintiff and the Settlement Class. Representative Plaintiff concurs in that determination.

7. NovelPay denies all allegations of wrongdoing and liability asserted in the Complaint, or of any liability whatsoever, and maintains that it has

conducted its dealings with the Representative Plaintiff and all Settlement Class Members in a lawful manner in all respects. NovelPay maintains that it has a number of meritorious defenses to the Representative Plaintiff's claims, including but not limited to its defense that it was not acting as a collection agency and, therefore, was not obligated to maintain a collection agency license or post a bond. Nevertheless, NovelPay recognizes the risks and uncertainties inherent in litigation, the significant expense associated with defending putative class actions, the costs of any appeal, and the potential disruption to its business operations arising out of the Litigation. It also recognizes the benefits inherent in a class wide settlement. Accordingly, NovelPay believes that settlement is in its best interest.

8. The Parties believe that this Agreement is fair, reasonable, and adequate because it: (1) provides for certification of a Settlement Class, even though the Court has not yet determined whether the claims asserted could properly be brought as a class action, and NovelPay maintains that certification of any class for trial purposes would not be proper under Md. Rule 2-231; (2) provides certain injunctive relief; (3) provides for a monetary payment to the Settlement Class; and (4) provides relief to the Settlement Class in exchange for releases tailored to the specific claims made against NovelPay.

9. Counsel for the Parties agree to recommend that Continental DataLogix LLC (hereinafter the "Settlement Administrator") be appointed by the Court to serve as the Settlement Administrator. The Settlement Administrator is responsible to report both to the Court and to the Parties as more fully set forth in this Agreement.

NOW, THEREFORE, in consideration of the promises, representations, covenants and releases contained herein, and for other good and valuable consideration, the receipt and sufficiency of which the Parties now acknowledge, the undersigned Parties agree to the terms and conditions set forth below:

II. TERMS OF THE SETTLEMENT

10. **Definitions:**

(a) "Administration Costs" shall refer to the costs to effectuate notice and administration of the Settlement.

(b) "Administration Cost Estimate" shall refer to the estimate of Administration Costs the Settlement Administrator is required to provide to Class Counsel and NovelPay.

(c) "Authorized Claimant" means a Settlement Class Member who submits a Valid Claim by the Claims Deadline.

(d) "Class Counsel" means Benjamin H. Carney and Richard S. Gordon of Gordon, Wolf & Carney, Chtd. "Lead Class Counsel" shall mean Benjamin H. Carney.

(e) "Class List" means the list of Settlement Class Members compiled by NovelPay pursuant to the Agreement.

(f) "Class Period" shall mean April 19, 2018 through and including the earlier of 1) the date that NovelPay obtains a Maryland collection agency license; or, 2) the Preliminary Approval Date.

(g) "Claims Deadline" is the date by which a Settlement Class Member must submit a Claim Form. The Claims Deadline is 180 days from the Notice Date.

(h) "Claim Form" means the form, attached as **Exhibit 1**, through which a Settlement Class Member can submit a claim to take part in the Settlement Fund.

(i) "Court" shall mean the Circuit Court for Prince George's County, Maryland.

(j) "Cy Pres Recipient" shall mean The University of Maryland Francis King Carey School of Law.

(k) "Effective Date" shall mean: (i) the date of final approval by the Court of the Settlement, if no Class Member objects to or intervenes in the settlement; (ii) the expiration of the time to appeal (i.e., thirty (30) days after the date the Court finally approves the Settlement), if a Class Member objects to the Settlement but no appeal by a Class Member is filed; (iii) the date of the final affirmance on appeal if an appeal is filed; or (iv) the date of final dismissal of any appeal.

(l) E-Mailed Settlement Notice, attached as **Exhibit 2**, is the notice the Settlement Administrator is to E-mail to Settlement Class Members for which the Settlement Administrator has an E-mail address.

(m) "Final Approval" means the act of the Court finally approving the Settlement and entering the Final Approval Order.

(n) "Final Approval Order" shall mean the Order, as entered by the Court, finally approving this Settlement, certifying the Settlement Class, entering a judgment according to the terms in this Settlement, and dismissing with prejudice all claims raised in the Litigation consistent with the Settlement.

(o) "Final Stale Date" means the last date on which a payment by check to a Settlement Class Member that was distributed pursuant to this Agreement becomes stale.

(p) "Funding Date" means January 3, 2025 or fifteen (15) days after the Preliminary Approval Date, whichever is later.

(q) "Litigation" is the above-captioned case.

(r) "Long Form Settlement Notice," attached as **Exhibit 3**, is the notice of settlement that the Settlement Administrator will upload to the Settlement Website.

(s) "Mailed Settlement Notice," attached as **Exhibit 4**, is the notice the Settlement Administrator is to mail via first-class United States Mail to Settlement Class Members for whom the Settlement Administrator does not have an E-mail address.

(t) "Notice Date" shall mean the date on which the Settlement Administrator sends the E-Mailed Settlement Notice and the Mailed Settlement Notice to the Settlement Class Members. The Notice Date shall be no later than forty-five (45) calendar days after the Preliminary Approval Date.

(u) "Notice of Proposed Class Action Settlement" shall mean collectively the notices to Settlement Class Members approved by the Court in the Preliminary Approval Order.

(v) "Participating Settlement Class Member" shall mean any Authorized Claimant who received an electronic payment or negotiated a check distributed pursuant to the procedures for distributing Settlement Payments outlined in this Agreement.

(w) "Potential Second Distribution Payment" shall mean the second round of settlement payments that are to be distributed to Participating Settlement Class Members if the funds remaining in the Settlement Fund allow for such a distribution, as outlined in Paragraph 19(d)(4).

(x) "Preliminary Approval Order" shall mean the Order entered by the Court, preliminarily approving the Settlement, provisionally certifying the Settlement Class, and approving the proposed notices to Settlement Class Members. The Parties have agreed on a proposed Preliminary Approval Order, attached as **Exhibit 5**.

(y) "Preliminary Approval Date" shall mean the date the Preliminary Approval Order is signed and entered on the Court's docket.

(z) "Released Parties" shall mean NovelPay and its predecessors, successors, and assigns, as well as each of their present, former and future members, principals, partners, officers, directors, control persons, employees, insurers, shareholders, subsidiaries, parent companies, holding companies, affiliates, representatives, vendors, contractors and attorneys. NovelPay's customers to whom NovelPay provided the billing services related to the Settlement Class are also included as Released Parties.

(aa) "Released Claims" shall mean and include all claims, counterclaims, rights, actions, causes of action, suits, set-offs, obligations, debts, sums of money, accounts, reckonings, charges, complaints, demands, agreements, promises, liabilities, disputes, damages, losses, controversies, judgments, executions, omissions, duties, costs, expenses, and attorneys' fees of any nature whatsoever, whether based on any federal law, state law, common law, territorial law, foreign law, contract, rule, regulation, any regulatory promulgation (including, but not limited to, any opinion or declaratory ruling), common law or equity, whether known or unknown, direct or indirect, asserted or unasserted, actual or contingent, liquidated or unliquidated, punitive or compensatory, matured or unmatured, foreseen or unforeseen, suspected or unsuspected, accrued or unaccrued, of every nature and description whatsoever, without regard to subsequent discovery or existence of other, different, or additional facts as those currently known to the Representative Plaintiff and Settlement Class Members, as of the date of execution of this Agreement, that arise out of or relate in any way to the Released Parties' charging, collection, or attempted collection of Service Fees or regarding the Released Parties' alleged unlicensed collection activity. This release expressly includes, but is not limited to, all claims under the Maryland Declaratory Judgment Act, Md. Code Ann., Cts. & Jud Pro. § 3-406; the Maryland Consumer Debt Collection Act, Md. Code Ann., Com. Law §§ 14-201 *et seq.*; the Maryland Consumer Protection Act, Md. Code Ann., Com. Law §§ 13-301 et seq.; the Maryland Collection Agency Licensing Act, Md. Code, Bus. Reg. §§ 7-101 et seq. statutory analogs, or common law, or enactment of any other statutory, regulatory, or common law claim arising thereunder. However, notwithstanding the foregoing, Released Claims include only those claims based on the identical factual predicate as the claims raised in the Litigation, and Released Claims do not include claims arising after the Class Period.

(bb) "Representative Plaintiff" shall mean Samuel Stokes, the plaintiff in the Litigation.

(cc) "Settlement" means the terms on which the Parties have agreed to settle the Litigation, which the Parties have memorialized in the Agreement, and any amendments to this Agreement.

(dd) "Settlement Class Member" or "Settlement Class Members" shall mean those persons, either individually or collectively, who fall within the definition of the Settlement Class and who are listed on the Class List produced by NovelPay, and who have not elected to opt out of the Settlement Class.

(ee) "Settlement Fund" shall mean the sum of $3,000,000, which NovelPay is paying to settle this purported class action, including any interest earned on that sum while the Settlement Fund is in an account maintained by the Settlement Administrator. In no event shall NovelPay's payment to settle the Litigation exceed $3,000,000, with the exception of NovelPay's payment of Administration Costs and the payment of the Incentive Award.

(ff) "Settlement Payment" means the payment to each Authorized Claimant.

(gg) "Settlement Website" shall refer to the website corresponding to the Settlement that the Settlement Administrator establishes, with the web address of www.StokesClassSettlement.com.

(hh) "Settlement Class" means the following individuals:

> All persons who paid a Service Fee to NovelPay in connection with NovelPay's collection of charges arising from residential real property located in Maryland, including rent and community association dues, during the Class Period. Excluded from the Settlement Class are all employees, officers and directors of NovelPay, and all employees of the Court.

NovelPay represents that the Settlement Class includes approximately 61,637 persons, although NovelPay is still in the process of finalizing the Class List. As a result, the estimate of the Settlement Class may change.

(ii) "Unclaimed Settlement Payments" shall mean payments that are not claimed by Settlement Class Members, including failures of electronic payments, all returned checks, and all checks not cashed by the date the check becomes stale. If sufficient funds remain in the Settlement Fund for a Potential Second Distribution Payment, then unclaimed payments do not become Unclaimed Settlement Payments until after that second distribution.

(jj) "Valid Claim" means a Claim Form that a Settlement Class Member submits by the Claims Deadline and that includes all of the information required on the Claim Form. This information includes, but is not limited to: (1) name; (2) email address (if any); (3) any unique claimant ID code and/or other information required by the Settlement Administrator to confirm that the individual requesting the Settlement Payment is a Settlement Class Member; (4) the Settlement Class Member's mailing address; and (5) the Settlement Class Member's selection of whether to receive the Settlement Payment in the form of a paper check or as an Electronic Payment.

III. PROCEDURES FOR EFFECTUATING SETTLEMENT

11. **Administration Cost Estimate.** The Settlement Administrator is required to provide the Parties with an estimate of Administration Costs within

seven (7) days of the date the Settlement Administrator receives a fully executed copy of this Agreement.

12. **Best Efforts.** The purpose of this Agreement is to effect a full and final settlement of the Representative Plaintiff's and the Settlement Class's claims against NovelPay. To effectuate that purpose, the Representative Plaintiff and NovelPay agree to cooperate and use their best efforts to obtain Court approval of the Settlement in a manner consistent with the terms of this Agreement.

13. **Class List.** NovelPay shall provide the Class List to the Settlement Administrator within thirty (30) calendar days following entry of the Preliminary Approval Order. The Class List shall include the following information for each Settlement Class Member to the extent the information is reasonably available and accessible in NovelPay's systems: a) name; b) last known address, to the extent available; c) last known E-mail address; and d) total Service Fees charged. NovelPay shall also provide a copy of the Class List to Class Counsel. NovelPay shall provide in the Class List the best information available to NovelPay, and shall produce the Class List in good faith. However, NovelPay does not guarantee that all of the E-mail addresses or mailing addresses available to NovelPay are currently accurate. The Settlement Administrator shall endeavor to confirm the accuracy of the contact information provided in the Class List.

If an individual who is not on the Class List receives a notification regarding the Settlement before the Final Approval Hearing, and that individual notifies the Parties of the individual's desire to take part in the distribution from the Settlement Fund, the Parties will meet and confer regarding adding that individual to the Class List. If the Parties agree to add that individual to the Class List, he or she shall become a Settlement Class Member for all purposes under this Agreement.

The Representative Plaintiff, Class Counsel, and Settlement Class acknowledge and agree that NovelPay is providing the Class List to Class Counsel and the Settlement Administrator solely for the purpose of effecting the terms of this Agreement, and that the Class List (and information derived from the Class List) shall not be used, disseminated, or disclosed by or to any other person for any other purpose. By creating the Class List, NovelPay is not admitting liability with respect to the Settlement Class Members or that the Court could certify a class in a contested litigation posture. If the Settlement is terminated for any of the reasons identified in Paragraph 28, the Representative Plaintiff, Class Counsel, and Settlement Administrator shall immediately destroy any and all copies of the Class List and any materials substantially re-creating the information in the Class List.

IV. SETTLEMENT NOTICE AND ADMINISTRATION

14. **Dissemination of Settlement Notices.** No later than forty-five (45) calendar days after the Preliminary Approval Date, the Settlement Administrator shall send a copy of the E-Mailed Settlement Notice to Settlement Class Members with an E-mail address on the Class List and a copy of the Mailed Settlement Notice to the Settlement Class Members without an E-mail address on the Settlement Class List. Before distributing the E-Mailed Settlement Notices, the Settlement Administrator shall attempt to validate the E-mail addresses on the Class List for Settlement Class Members. In the event a valid E-mail address is not available for a particular Settlement Class Member, the Settlement Administrator shall attempt to obtain a street address update for the Settlement Class Member

utilizing a National Change of Address database. If, after the initial mailing, a Mailed Settlement Notice is returned with a new forwarding address provided by the U.S. Postal Service, the Settlement Administrator will re-mail the notice to the new forwarding address. If a notice is returned without a forwarding address, the Settlement Administrator shall perform "skip trace" research to attempt to identify the Settlement Class Member's current address and then re-mail the notice to any such new address identified. If a second notice is sent to a Settlement Class Member and returned undeliverable, no further notice need be sent by the Settlement Administrator. To facilitate the Settlement Administrator's "skip trace" research, NovelPay shall provide the Settlement Administrator with necessary and available information about Settlement Class Members (such as additional identifying information which is readily accessible to NovelPay but which is not on the Class List) required for a "skip trace," upon request, to the extent that information is readily accessible to NovelPay.

15. **Settlement Website.** The Settlement Administrator shall establish the Settlement Website that enables Settlement Class Members to read the Long Form Settlement Notice, this Agreement, the Complaint, and other documents related to the Settlement. The Settlement Administrator shall establish the Settlement Website no later than the Notice Date. The Settlement Website shall explain that Settlement Class Members may opt out, as well as the manner and deadline for doing so. No content shall be published on the Settlement Website until after NovelPay and Class Counsel provide consent thereto, which NovelPay and Class Counsel shall not unreasonably withhold. The Settlement Administrator shall maintain the Settlement Website, with appropriate updates,

until the earlier of: (1) the termination or cancellation of this Agreement; or (2) the Final Stale Date. The Settlement Administrator shall cause the Settlement Website to be taken down within five (5) calendar days after the occurrence of either event.

16. **Agreement that Notice Satisfies Md. Rule 2-231:** The Parties agree that the methods of notice referenced above provide information sufficient to inform Settlement Class Members of the essential terms of this Agreement, appropriate means for obtaining additional information regarding the Agreement and the Litigation, appropriate information about the procedure for objecting to the Settlement or excluding themselves from the Settlement, if they should wish to do so, and appropriate means for obtaining information about compensation pursuant to the Settlement. The Parties also agree that the dissemination of the notice in the manner specified in this Agreement and the Preliminary Approval Order satisfies the notice requirements of due process and Md. Rule 2-231.

17. **Notice Declaration:** No later than ten (10) days before the Final Approval Hearing, the Settlement Administrator shall provide the Parties with a declaration of compliance with this plan of notice, including a statement of the number of persons who the notice plan referenced above reached and the number of exclusions the Settlement Administrator received.

18. **Payment for Administration Costs:** NovelPay shall pay all Administration Costs separate and apart from the Settlement Fund, subject to the ability to recoup Administration Costs in Paragraph 19(f) of this Agreement.

19. **Class Monetary Relief.**

(a) **Advance Administration Costs:** Within seven (7) days of providing the Class List to the Settlement Administrator, NovelPay shall advance twenty-five thousand dollars ($25,000) to the Settlement Administrator for Administration Costs. Should the Administration Costs ultimately not exceed $25,000, then the Settlement Administrator shall refund NovelPay any balance remaining on the $25,000 within fourteen (14) days of the Final Stale Date. If the Administration Costs exceed $25,000, NovelPay shall, within thirty (30) days of an invoice from the Settlement Administrator, pay any such additional Administration Costs directly to the Settlement Administrator, provided NovelPay does not have an objection to the invoice that it needs to resolve with the Settlement Administrator.

(b) **Deposit of Settlement Fund.** On the Funding Date, NovelPay shall wire transfer the Settlement Fund into an account designated by the Settlement Administrator. Any interest accrued on the funds deposited under this Paragraph shall be added to the corpus of the Settlement Fund.

(c) **Composition of Settlement Fund.**

(1) **Attorneys' Fees and Expenses.** Payment of Class Counsel's attorneys' fees and costs and expenses of litigation, as approved by the Court, shall be made from the Settlement Fund within ten (10) calendar days of the Effective Date. NovelPay is aware that Class Counsel intends to move for an award of attorneys' fees , from the Settlement Fund, in the amount of 1/3 of the Settlement Fund plus litigation expenses. NovelPay will not object to or otherwise comment negatively upon an award of attorneys' fees and expenses not in excess of the above-referenced amount.

(2) **Eligibility for Settlement Payment.** The net balance of the Settlement Fund remaining after the subtraction of the Court approved attorneys' fees and expenses may be transferred to another escrow account maintained by the Settlement Administrator for the purposes of distribution. Subject to Court approval, each Authorized Claimant shall be entitled to receive a Settlement Payment. Described below are the administrative procedures that will apply to determine eligibility.

(i) There are two avenues through which a Settlement Class Member may submit a Claim Form: (1) electronically through the Settlement Website; or (2) through a paper submission.

(ii) For electronic submission, the Settlement Administrator shall establish a designated page of the Settlement Website on which the Claim Form may be completed and submitted electronically, and which will permit a click through electronic signature. An electronic receipt and confirmation number shall be displayed following the electronic completion of the Claim Form. A Claim Form submitted electronically through the Settlement Website shall be considered complete when each item of information requested in the Claim Form has been completed and an electronic receipt displayed.

(iii) The Settlement Administrator shall establish a printable Claim Form on the Settlement Website that consumers can print out and submit in paper form. A Claim Form submitted other than through the Settlement Website shall be considered complete when each item of information requested in the Claim Form is entered in writing and the Claim Form is postmarked or delivered to the Settlement Administrator.

(iv) Each Settlement Class Member wishing to receive a Settlement Payment must submit a Claim Form that provides their name, their email address (if any), and any unique claimant ID code and/or other information required by the Settlement Administrator to confirm that the individual requesting the Settlement Payment is a Settlement Class Member. In addition, a Claim Form shall not be complete unless the Settlement Class Member provides their mailing address and selects whether to receive their Settlement Payment in the form of a paper check, or an electronic debit (electronic debits are "Electronic Payments.").

(v) The Settlement Administrator shall implement procedures to review each Claim Form submitted to determine whether the submission is a Valid Claim. This shall include verification that the individual submitting the Claim

Form is a Settlement Class Member. Claim Forms submitted by persons who are not Settlement Class Members shall be rejected.

(vi) In order to be considered a Valid Claim, the Claim Form must be complete and submitted no later than the Claims Deadline. The Class Notice shall specify this deadline and other relevant dates described herein.

(vii) The Settlement Administrator's determination of the validity or invalidity, and timeliness, of a Claim Form shall be final and binding. The Settlement Administrator must make this determination within fourteen (14) days of receiving the Claim Form at issue. No person shall have any claim against the Settlement Administrator, Representative Plaintiff, Class Counsel, NovelPay and/or NovelPay's Counsel based on distributions of benefits to Settlement Class Members.

(d) **Distribution of Settlement Payments.** Payments to Authorized Claimants shall be made from the Settlement Fund, after the adjustments to the Settlement Fund described above. Each Authorized Claimant shall be entitled to a *pro rata* payment from the Settlement Fund (defined above as the "Settlement Payment"), in accordance with a formula established by the Settlement Administrator which will result in the *pro rata* distribution of the Settlement Fund in proportion to the amount of Service Fees charged to the Authorized Claimant submitting a Valid Claim as compared to the total amount of

Service Fees charged to all Authorized Claimants. Authorized Claimants who were charged more in Service Fees will receive larger payments than Authorized Claimants who were charged less in Service Fees; and, each Authorized Claimant's payment amounts will increase or decrease proportionally based upon the total number of Valid Claims filed. Settlement Class Members who are not Authorized Claimants shall not receive a payment under the Settlement.

(1) The Settlement Payment to each Authorized Claimant shall be in the form of a check or an Electronic Payment. Initial Settlement Payments shall be issued to Settlement Class Members by the Settlement Administrator on a date that is forty-five (45) days after the Effective Date or the Claims Deadline, whichever is later.

(2) For Authorized Claimants for whom the Settlement Administrator has a valid e-mail address, the Settlement Administrator shall notify those individuals that requested an Electronic Payment to provide them a reasonable opportunity to update their electronic payment information (or request payment by check) prior to disbursement of the Settlement Payment. Once that period has expired and the Settlement Administrator issues payment to the Authorized Claimant using the confirmed electronic payment information, no reissuance of the electronic payment may be requested.

(3) For Authorized Claimants who elect to receive a Settlement Payment by check, paper checks in the amount of the Settlement Payment will be mailed. All settlement checks shall be

void one-hundred twenty (120) days after issuance and shall include language to that effect. If a check issued to an Authorized Claimant cannot be used for any reason (for example, the check is lost) the Authorized Claimant shall have until one hundred twenty (120) days after issuance of the initial check to request re-issuance. After one hundred twenty (120) days from the issuance of the initial check to an Authorized Claimant, requests for re-issuance shall not be honored.

(4) In the event that the funds in the Settlement Fund are not fully exhausted after all initial Settlement Payments have expired and become void, due to uncashed checks or otherwise, the Settlement Administrator shall calculate whether the remaining funds are sufficient to make a second distribution of $5.00 or more to Participating Settlement Class Members. The Settlement Administrator shall make this calculation pursuant to the following formula:

$$\frac{(Remaining\ Settlement\ Fund)}{Participating\ Settlement\ Class\ Members} =$$

$$Amount\ for\ Potential\ Second\ Distribution$$

If the Potential Second Distribution Payment equals or exceeds $5.00, Participating Settlement Class Members shall be entitled to receive that amount from the Settlement Fund. If the Potential Second Distribution Payment is less than $5.00, then

Participating Settlement Class Members shall not be entitled to receive the Potential Second Distribution Payment.

The Potential Second Distribution Payment, if any, shall be in the form selected by Participating Settlement Class Members in their Claim Form, unless the Participating Settlement Class Member had initially requested the first payment by check and wishes to switch to Electronic Payment. Second Distribution Payments, if any, shall be issued to Participating Settlement Class Members by the Settlement Administrator within forty-five (45) days after making the calculations required under this subparagraph. All checks for Potential Second Distribution Payments shall be void one-hundred twenty (120) days after issuance and shall include language to that effect. If a Potential Second Distribution Payment check issued to an Authorized Claimant cannot be used for any reason (for example, the check is lost) the Authorized Claimant shall have until one hundred twenty (120) days after issuance of the Potential Second Distribution Payment check to request re-issuance. After one hundred twenty (120) days from the issuance, requests for re-issuance shall not be honored.

(e) **Settlement Fund Tax Status.** The Settlement Administrator shall set up the account for receipt of the Settlement Fund in a manner that maximizes tax benefits, and minimizes any tax detriment, for NovelPay, Representative Plaintiff, and the Settlement Class Members. The Settlement Administrator shall timely make any elections and filings that are required to maintain the account in compliance with laws related to taxation. The Parties agree that any taxes (including any estimated taxes, interest or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund. Taxes and tax expenses related to the Settlement Fund shall be timely paid by the Settlement Administrator out of the Settlement Fund without prior order from the Court, and the Settlement Administrator shall be obligated to withhold from distribution any funds necessary to pay such amounts.

(f) **Unclaimed Settlement Payments.** All Unclaimed Settlement Payments shall be distributed in the following order: (1) first to reimburse NovelPay for actual documented payments to the Settlement Administrator for Administration Costs, but only up to the lesser of $150,000 or the total amount of Unclaimed Settlement Payments; (2) second, any remaining Unclaimed Settlement Payments shall be distributed to the Cy Pres Recipient. The distribution to NovelPay shall occur within fifteen (15) days of determining Unclaimed Settlement Payments exist. If there is a second distribution of settlement payments, referenced above, the distribution of Unclaimed Settlement Payments to NovelPay shall occur no later than 10 days after the Final Stale Date.

(g) **Cy Pres.** Any portion of the Settlement Fund due to the *cy pres* recipient shall be donated, with the approval of the Court, to the Cy Pres Recipient. The Settlement Administrator shall forward the funds payable to the Cy Pres Recipient to the escrow account of Gordon, Wolf & Carney, Chtd., within ten (10) calendar days after the distribution to NovelPay referenced in Paragraph 19(f). Class Counsel shall remit the funds to the Cy Pres Recipient on behalf of the Class within ten (10) calendar days of receipt.

20. **Incentive Award:** In addition to and separate and apart from the Settlement Fund, and subject to Court approval, within seven (7) days after the Effective Date, NovelPay shall wire transfer an incentive award of $15,000, for purposes of paying the Representative Plaintiff, to the trust account for Class Counsel, Gordon, Wolf & Carney, Chtd.

21. NovelPay's Agreement to Post a Bond in New Jersey and Maryland Licensure: In addition to funding the Settlement Fund, and subject to the terms and conditions of this Agreement, the Representative Plaintiff and NovelPay have agreed that NovelPay shall post the bond pursuant to N.J.S.A. 45:18-1, and shall apply for the license pursuant to the Maryland Collection Agency Licensing Act, Md. Code Ann., Bus. Reg. §§ 7-101 *et seq.*

22. **Cooperation.** NovelPay and Class Counsel shall cooperate with the Settlement Administrator to the extent reasonably necessary to assist and facilitate the Settlement Administrator in carrying out its duties and responsibilities. NovelPay and Class Counsel also shall reasonably cooperate with each other so that both sides may adequately monitor all aspects of this Agreement.

23. **Release.** On the Effective Date, and in consideration for the payment of the Settlement Fund and for the Released Parties' other promises contained herein, the sufficiency of which is hereby acknowledged, the Representative Plaintiff and each Settlement Class Member, for and on behalf of themselves and any and all persons who could claim through them, including, but not limited to, their present and future spouses (and common law spouses), children, parents, relations, succesors, beneficiaries, heirs, next of kin, assigns, attorneys, executors, administrators, and/or estate, shall, without the necessity of

any action whatsoever, be deemed to have fully, finally, forever, unconditionally, and irrevocably released, relinquished, and discharged all Released Claims against the Released Parties and further covenants not to sue any of the Released Parties with respect any of the Released Claims. Notwithstanding any federal or state statute or rule of law, this Settlement Agreement shall be given full force and effect according to each and all of its terms and provisions, including those related to any unknown or unsuspected claims, liabilities, demands, or causes of action which are based on, arise from, or are in any way connected with the Released Claims. This release in no way diminishes the Representative Plaintiff's release in connection with the Incentive Award.

24. **Binding Release.** Upon the Effective Date, no default by any person in the performance of any covenant or obligation under this Agreement or any order entered in connection with the Agreement, except for a failure on NovelPay's part to fund the Settlement Fund, shall affect the dismissal of the Litigation, the *res judicata* effect of the Final Approval Order, the foregoing releases, or any other provision of the Final Approval Order; provided, however, that all other legal and equitable remedies for violation of a court order or breach of this Agreement shall remain available to all Parties.

V. CONDITIONS OF SETTLEMENT

25. **Opt-Out Option.** The following provisions govern the process related to opting-out of the Settlement Class:

(a) **Requests for Exclusion** All Settlement Class Members shall be given the opportunity to opt out of the Settlement by submitting a "Request for Exclusion." All Requests for Exclusion must be in writing, sent to the

Settlement Administrator and postmarked no later than forty-five (45) days from the Notice Date. To be valid, a Request for Exclusion must be personally signed and must include: (1) the individual's name, address and telephone number; and (2) a statement substantially to the effect that: "I request to be excluded from the Settlement Class in *Stokes v. NovelPay, LLC*." If there are co-account owners, all co-account owners must sign the request for exclusion. If a Settlement Class Member submits both a Request for Exclusion and a Claim Form, the Claim Form shall take precedence and the individual shall not be deemed to have validly excluded himself or herself from the settlement. No person within the Settlement Class shall act in concert with another individual within the Settlement Class to submit a Request for Exclusion that includes more than one individual within the Settlement Class. So-called "mass" or "class" opt-outs are not valid.

(b) **Representation:** Class Counsel agree that this Agreement is fair, reasonable, and in the best interest of the Settlement Class. For that reason, Class Counsel has no present intention to represent any individual who submits a Request for Exclusion against the Released Parties.

(c) **Verification:** The Settlement Administrator shall provide copies of any Requests for Exclusion to the Parties no later than three days after receiving a request. No later than fifty-five (55) days following the Notice Date, the Settlement Administrator shall provide to Class Counsel (with a copy to NovelPay), a declaration verifying that notice has been provided to the Settlement Class as set forth herein and listing all of the valid opt-outs received.

(d) **Effect of Opt-Out.** All individuals within the Settlement Class who timely submit a valid Request for Exclusion (and who do not also submit a Claim Form) will, subject to Court approval, exclude themselves from the Settlement Class and preserve their ability to independently pursue, at their own expense, any individual claims he or she claims to have against NovelPay. Any such individual will not be bound by further orders or judgments in the Litigation as they relate to the Settlement Class. Any such individual who submits a request for exclusion is prohibited from filing an objection to the Settlement.

26. **Objections:** Any Settlement Class Member who has not previously opted-out in accordance with the terms above and who intends to object to this Agreement must file the objection in writing with the Clerk of Court no later than forty-five (45) days following the Notice Date, and must concurrently serve the objection on the Settlement Administrator. The objection must include the following: (1) the Settlement Class Member's full name, address and current telephone number; (2) if the individual is represented by counsel, the name and telephone number of counsel, if counsel intends to submit a request for fees and all factual and legal support for that request; (3) all objections and the basis for any such objections stated with specificity, including a statement as to whether the objection applies only to the objector, to a specific subset of the class, or to the entire class; (4) the identity of any witnesses the objector may call to testify; (5) a listing of all exhibits the objector intends to introduce into evidence at the Final Approval Hearing, as well as true and correct of copies of such exhibits; and (6) a statement of whether the objector intends to appear at the Final Approval hearing, either with or without counsel. Representative Plaintiff, Class Counsel, and/or NovelPay may take discovery regarding any objector, their attorney (if applicable), and the basis for any objection, subject to Court approval. By filing an objection,

objectors and their counsel submit to the jurisdiction of the Court for all purposes of this Litigation and Settlement, including but not limited to subpoenas and discovery.

Any Settlement Class Member who fails to timely file and serve a written objection pursuant to this Paragraph shall not be permitted to object to the approval of the settlement or this Agreement and shall be foreclosed from seeking any review of the settlement or the terms of the Agreement by appeal or other means.

27. **Approval of the Court**. This Agreement is subject to receiving approval by the Court.

28. **Termination of Agreement**. The Parties' willingness to settle this Litigation on a class action basis and to agree to the accompanying preliminary certification of the Settlement Class is dependent upon achieving finality in this Litigation and the desire to avoid the expense of this and other litigation. Consequently, in addition to the potential termination triggers referenced in this Agreement, the Parties have the right to terminate this Agreement, declare it null and void, and have no further obligations under this Agreement if any of the following conditions subsequent occurs:

(a) Either Party may terminate the Agreement if the other Party commits a material breach of the Agreement before entry of the Final Approval Order;

(b) Either Party may terminate the Agreement if the Effective Date does not occur for any reason, including but not limited to the entry of an order by any court that would require either material modification or termination of the Agreement; or

(c) NovelPay may terminate the Agreement if more than 200 members of the Settlement Class opt-out of the proposed settlement.

The failure of the Court or any appellate court to approve in full the request by Class Counsel for attorneys' fees, costs, and other expenses shall not be grounds for the Representative Plaintiff, the Settlement Class, or Class Counsel to cancel or terminate this Agreement. The failure of the Court or any appellate court to approve in full the request of the Representative Plaintiff for his Incentive Award shall not be grounds for the Representative Plaintiff, the Settlement Class, or Class Counsel to cancel or terminate this Agreement.

If the Agreement is not finally approved, is not upheld on appeal, or is otherwise terminated for any reason, then the Settlement Class shall be decertified; the Settlement Agreement and all negotiations, proceedings, and documents prepared, and statements made in connection therewith, shall be without prejudice to any Party and shall not be deemed or construed to be an admission or confession by any Party of any fact, matter, or proposition of law.

29. **Effect of Termination of Agreement**. If this Agreement is terminated or cancelled as set forth herein, all of the Parties shall be deemed to have reverted to their respective status as of the date of this Agreement, and they shall proceed in all respects as if this Agreement had not been executed and the related orders had not been entered, preserving in that event all of their respective claims and defenses in the Litigation. In addition, in the event of termination, within ten (10) days of termination, the Settlement Administrator shall return to

NovelPay any funds that NovelPay has advanced in connection with the Administration Costs which have not yet been spent on the notice and administration process. Further, if the settlement is terminated, the full amount of the funds that NovelPay deposited in the Settlement Fund shall be refunded to NovelPay within ten (10) days of termination.

VI. MISCELLANEOUS PROVISIONS

30. **Final Approval Filing.** Representative Plaintiff and Class Counsel shall submit their motion seeking Final Approval of the Settlement no later than thirty (30) days before the Final Approval Hearing.

31. **Amendments.** This Agreement may be amended or modified only by a written instrument signed by Class Counsel and NovelPay.

32. **No Admissions.** This Settlement Agreement, and any and all negotiations, communications, and discussions associated with it, shall not be offered or used as evidence of any presumption, concession, or admission of with respect to any fact, defense, or legal determination at issue in the Litigation, except for the purposes of obtaining Court approval of the Settlement.

33. **Entire Agreement.** This Agreement constitutes the entire agreement among the Parties, and no representations, warranties, or inducements have been made to any Party concerning this Agreement or its exhibits other than the representations, warranties, and covenants contained and memorialized in this Agreement or its exhibits. Except as otherwise provided herein, each Party shall bear its own costs.

34. **Plaintiff's Authority.** Class Counsel, on behalf of the Representative Plaintiff, are expressly authorized to take all appropriate actions

required or permitted to be taken by the Representative Plaintiff pursuant to this Agreement to effectuate its terms and are also expressly authorized to enter into any modifications or amendments to this Agreement on behalf of the Representative Plaintiff.

35. **Counterparts.** This Agreement may be executed in one or more counterparts. All executed counterparts shall be deemed to be one and the same instrument. Counsel for the Parties hereto shall exchange among themselves original executed counterparts, and a complete set of original executed counterparts shall be filed with the Court in connection with the motion to approve the settlement.

36. **Binding Nature.** This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties.

37. **Construing Agreement.** This Agreement shall not be construed more strictly against one Party than another merely by virtue of the fact that it may have been drafted initially by counsel for one of the Parties. All Parties have contributed substantially to the preparation of this Agreement.

38. **Applicable Law.** All the terms of this Agreement shall be governed by and interpreted in accordance with the laws of the State of Maryland.

39. **Court's Jurisdiction.** The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of the Settlement Agreement.

40. **Advice of Counsel.** Each Party to this Agreement acknowledges that it has had the benefit of advice of competent legal counsel or the opportunity to retain such counsel with respect to its decision to enter into this Agreement.

41. **Attorneys' Fees.** Unless otherwise expressly set forth herein, and subject to Class Counsel's right to petition the Court to approve an award of attorneys' fees from the Settlement Fund as set forth herein, each of the Parties shall bear its own attorneys' fees, costs, and expenses in connection with the matters set forth in the Agreement, including, but not limited to, the Litigation and the negotiation and preparation of this Agreement.

42. **No Interpretation of Captions or Headings.** The captions and headings within this Agreement are for ease of reference only and are not intended to create any substantive meaning or to modify the terms and clauses either following them or contained in any other provision of this Agreement.

43. **Severability.** If any provision of the Agreement or the application thereof is held invalid by a court, arbitrator, or government agency of competent jurisdiction, except any provision which requires payment of funds from NovelPay or any provision pertaining to a release, the Parties agree that such a determination of invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions and thus shall remain in full force and effect or application.

44. **Notices.** Any communication, verification, or notice sent by any Party in connection with this Agreement shall be sent by email and overnight mail as follows:

<u>To Class Counsel:</u>
Benjamin H. Carney
Richard S. Gordon
Gordon, Wolf, Carney CHTD
11350 McCormick Road
Executive Plaza 1, Suite 1000
Hunt Valley, MD 21031

bcarney@gwcfirm.com
rgordon@gwcfirm.com

To NovelPay's Counsel:

Elizabeth C. Rinehart
750 E. Pratt Street, Suite 900
Baltimore, MD 21202
lcrinehart@venable.com

Mary M. Gardner
600 Massachusetts Avenue, NW
Washington, DC 20001
mmgardner@venable.com

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized attorneys, as of the day and year written below.

Date: ________________________, 2024

FOR THE REPRESENTATIVE PLAINTIFF AND SETTLEMENT CLASS:	FOR NOVELPAY, LLC.
By: ______________________________	By: DocuSigned by: David Monk D97C90F4A68842A... David Monk
Benjamin H. Carney, Lead Class Counsel	Title: Chief Legal Officer