

Visa/MasterCard Settlement: Frequently Asked Questions

Essentials of the Suit:

Q: What is this case about?

A: The lawsuit, which is officially called “In re: Payment Card Interchange Fee and Merchant Discount Antitrust Litigation,” originated as a dispute between merchants, card-issuing banks, and payment card associations over interchange fees.

Merchants claimed that card associations set interchange fees and rules governing payment card acceptance in ways that amounted to illegal price fixing. The card associations, the principle ones in this case being Visa and MasterCard, and card-issuing banks countered that the fee structures are reasonable, and the merchants are free to negotiate better terms if they so desire.

Before the case was fully litigated, both sides reached a negotiated settlement. The settlement provides that Visa and MasterCard contribute to a \$6+ billion-dollar cash settlement fund, which will be distributed to merchants who accept the settlement. An additional \$1.2 billion is set aside to cover an adjustment in interchange fees for an eight-month period that starts on July 29, 2013.

All merchants received a notice from the claims settlement administrator saying that if they wished to participate in the settlement, they must register with the claims settlement administrator.

Q: What is interchange?

A: Interchange is a swipe fee that every merchant pays whenever they accept payment from a customer who is using a credit or debit card. Interchange is typically about 1.6 percent of the transaction amount. It is automatically deducted from the money a merchant receives when a transaction is settled. Visa and Mastercard set interchange fee rates for different types of transactions and publish them on their websites.

Q: Who is suing whom in this case?

A: In 2005, a number of merchants filed separate lawsuits against card associations and issuing banks claiming they were engaging in unfair practices. Because the complaints in these various cases were essentially the same, they were consolidated into a single class action lawsuit. In the class action lawsuit, 19 named plaintiffs, representing the class of all merchants, is suing Visa, MasterCard, and a number of card-issuing banks, including Bank of America, Citi Group, and many others.

Q: Who are the plaintiffs in this case?

A: There were originally 19 plaintiffs representing the merchant class in this case. When the court finally approved of the settlement, 10 of the original 19 chose not to join the settlement.

The remaining 9 are now the plaintiffs in this case. They are: Photos Etc. Corporation; Traditions, Ltd.; Capital Audio Electronics, Inc.; CHS Inc.; Crystal Rock LLC; Discount Optics, Inc.; Leon's Transmission Service, Inc.; Parkway Corp.; and Payless Shoe Source, Inc.

Q: Who are the defendants in this case?

A: The defendants in this case are as follows:

- “Visa Defendants”: Visa U.S.A. Inc.; Visa International Service Association; and Visa Inc.;
- “MasterCard Defendants”: MasterCard International Incorporated and MasterCard Incorporated; and
- “Bank Defendants”: Bank of America, N.A.; BA Merchant Services LLC (formerly known as National Processing, Inc.); Bank of America Corporation; MBNA America Bank, N.A.; Barclays Bank plc; Barclays Bank Delaware; Barclays Financial Corp.; Capital One Bank (USA), N.A.; Capital One F.S.B.; Capital One Financial Corporation; Chase Bank USA, N.A.; Chase Manhattan Bank USA, N.A.; Chase Paymentech Solutions, LLC; JPMorgan Chase Bank, N.A.; JPMorgan Chase & Co.; Bank One Corporation; Bank One Delaware, N.A.; Citibank (South Dakota), N.A.; Citibank N.A.; Citigroup Inc.; Citicorp; Fifth Third Bancorp; First National Bank of Omaha; HSBC Finance Corporation; HSBC Bank USA, N.A.; HSBC North America Holdings Inc.; HSBC Holdings plc; HSBC Bank plc; National City Corporation; National City Bank of Kentucky; SunTrust Banks, Inc.; SunTrust Bank; Texas Independent Bancshares, Inc.; Wachovia Bank, N.A.; Wachovia Corporation; Washington Mutual, Inc.; Washington; Mutual Bank; Providian National Bank (also known as Washington Mutual Card Services, Inc.); Providian Financial Corporation; Wells Fargo Bank, N.A. and Wells Fargo & Company.

Q: Why is this case a class action?

A: A class action enables a small number of plaintiffs to sue on behalf of a larger group with similar interests. When this case began, a number of merchants were suing, each making essentially the same complaint. The court decided to combine all their cases into a class action in which 19 named plaintiffs would represent the entire class of merchants who accept debit and credit cards. The outcome of the case will apply to all members of the class.

Q: What is the essential issue in this case?

A: This case originated as a dispute over interchange fees.

The original purpose of interchange was to generate revenue that paid for all the services needed to make card payment possible. In recent years, merchants have found their interchange payments rising rapidly. They believe that because of restrictive rules governing card payment acceptance and the way interchange rates are set, they have no control and no ability to negotiate better rates from service providers. They contend that Visa and MasterCard illegally collude with card-issuing banks to set rates, and this amounts to a monopolistic practice.

Q: What period of transactions does the settlement cover? Who is eligible to participate?

A: If you accepted VISA/MC between January 1, 2004, and January 24, 2019, you are eligible to participate in the Settlement and recover a portion of the fees you paid.

Merchants that paid fees to VISA/MC at any time during the period should file even if they:

- Closed the business.
- Sold the business (without stipulations on future recoveries/payments).
- Renamed the business, changed Tax Id's (file them all), switched ISOs or Processors.
- Filed for Bankruptcy (without stipulations on future recoveries/payments).
- If you are a Franchisor and paid monthly interchange fees through a third party or the Parent Company (even if a fixed monthly amount).

Q: How much money will be provided in this settlement?

A: Visa, Mastercard and the Bank Defendants have agreed to provide a settlement fund of \$5.54 billion to merchants that did not exclude themselves from the Settlement Class. Every merchant in the settlement class that did not exclude itself from the class, and files a valid claim will be paid from the settlement fund. The settlement fund will also be used to pay various fees and expenses related to settlement administration and notice, taxes, Class Plaintiff awards, and attorneys' fees, as approved by the Court.

Q: Why is this case important?

A: This is important because interchange fees generate about \$40 billion dollars per year, all paid for by merchants. The outcome of the case can impact the way merchants are able to negotiate fees, and whether they can promote alternative forms of payment. The outcome can also have a big impact on the payment card industry.

Q: What did the court decide?

A: The court did not render a decision in this case. The participants in this case: card associations, card-issuing banks, and merchants, agreed to settle before the case was fully litigated.

Q: Why is there a settlement?

A: This lawsuit was started in 2005. After 7 years of litigation involving the review of more than 50 million pages of documents and more than 400 depositions, but before an actual trial began, all parties in the case, including the court, recognized it was in everyone's best interest to settle.

Important Updates:

Q: Is there any recent news regarding the progress of the settlement?

A: As of December 1, 2023, the official claim form for the VISA/MasterCard Class Action Settlement is now available. With the formal approval of the VISA/MasterCard Class Action Settlement in September 2023, the process of claiming your share of the settlement is materially progressing.

The stated enrollment period is from December 1, 2023, to May 31, 2024

Q: How much money will the lawyers be paid?

A: For work done through Final Approval of the settlement by the district court, Rule 23(b)(3) Class Counsel was granted an attorney fee equal to 9.56% of the settlement fund. For additional work to administer the settlement, distribute the settlement fund, and through any appeals, Rule 23(b)(3) Class Counsel may seek reimbursement at their normal hourly rates.

Rule 23(b)(3) Class Counsel also received court approval for reimbursement of their litigation expenses (not including the administrative costs of settlement or notice) of approximately \$39 million. The court also approved the reimbursement of each of the eight Rule 23(b)(3) Class Plaintiffs' out of pocket expenses and service awards ranging between \$50,000 and \$200,000 for their representation of merchants in MDL 1720, which culminated in the Class Settlement Agreement, which was overturned on appeal.

Filing a Claim:

Q: How do I file a claim?

A: You can file a claim yourself using the official claims form, or you can work with a qualified claims recovery service that will prepare and submit your claim for you.

Claim Forms began mailing to all known Class Members on December 1, 2023, and will continue to be mailed on a rolling basis. Class members are not required to sign up for a third-party service like Brownstone Recovery in order to participate in any monetary relief, and “no-cost” assistance is available from the Class Administrator and Class Counsel. You can file yourself by going to <http://www.paymentcardsettlement.com/> or by calling 1-800-625-6640.

Q: Can I file a claim now? Is there a deadline for filing a claim?

A: Yes. Claims must be submitted by 11:59 pm PST on **August 30, 2024**.

Q: What happens after I file a claim?

A: After you file your claim, the Claims Administrator will examine your claim and based on available information, decide how much money you are owed. Once they make that determination, they will send you a settlement offer.

Q: How does the Claims Administrator decide how much money I am owed?

A: The Class Administrator has data from Defendants and others which permits it to estimate the total value of interchange fees attributable to each Authorized Claimant on its Visa and Mastercard card transactions during the period from January 1, 2004, to January 25, 2019, (“Interchange Fees Paid”). It is the current intention to utilize this data to the extent possible, to estimate the interchange fees attributable to members of the Rule 23(b)(3) Settlement Class.

Where the necessary data is not reasonably available to estimate a class member's Interchange Fees Paid or if the Interchange Fees Paid claim value established by the Class Administrator is disputed by the class member, the class member is required to submit information in support of its claim. This information will include, to the extent known, Interchange Fees Paid attributable to the class member, merchant discount fees paid, the class member's merchant category code and/or a description of the class member's business, and total Visa and Mastercard transaction volume and/or total sales volume. Based on these data, the Interchange Fees Paid attributable to the class member will be estimated for each known member of the Rule 23(b)(3) Settlement Class.

Q: How do I object if I do not agree to the Claims Administrator's offer?

A: If your claim is denied, or if you feel the offer from the Claims Administrator is inaccurate in any way, you will need to file a challenge directly with the Claims Administrator. Your challenge should be supported by all documentation and data that supports your case. The Claims Administrator will review your challenge and make a judgment as to whether your original claim should be denied, approved, or adjusted.

Q: Can I appeal the Claims Administrator's decision?

A: If your challenge to their initial offer is rejected, you may appeal the Claims Administrator's decision, and if necessary, take the Claims Administrator to court.

Q: When can I expect to receive my share of the settlement?

A: At this point, it is not known exactly how long it will take to distribute the cash settlement. Now that the court has approved the settlement, they are working on approving an official claims form.

Q: How do I object or exclude myself from the settlement?

A: The deadline to exclude or object to the settlement was July 23, 2019. However, As long as you didn't file to exclude yourself from the settlement, which is different than filing an objection, you can still file a claim now. When you objected, you were just giving feedback to the court about the settlement.

Q: Will the Claim Administrator work up estimates for all merchants?

A: No, just the merchants who filed a claim.

Utilizing a Third-Party

Q: Does Brownstone Recovery charge any up-front fees?

A: No. Brownstone Recovery only charges a fee when we recover funds for our clients. When you sign a contract with Brownstone Recovery, you agree to pay us a percentage of your settlement when the Claims Administrator pays out your claim.

Q: If I pre-registered on my own at the Claims Administrator's web site, can I still use a claims recovery service?

A: Yes. You'll be able to specify that you'd like to use a recovery service at the time the official claim form is submitted. You do not have to use a recovery service.

Q: What will a claim recovery representative do for me?

A: A reputable claim recovery representative will closely track the progress of this case and be aware of key filing dates and other actions you must take. They will also register your intent to file a claim, help you compile data and documentation to support your claim, and file the claim on your behalf.

A good claim recovery representative will not do the following:

- Charge you a fee up front for their services.
- Try to sell you additional paid services.

Q: How do I know I can trust a claims recovery representative?

A: The best claim representatives for this case will have experience dealing with cases involving interchange and they will understand merchants and payment services. They will also have lots of experience working with court appointed Claims Administrators.

Q: Why should I choose to retain Brownstone Recovery?

A: There are four reasons why you might choose to retain Brownstone Recovery:

- **Expertise:** Our expertise is incredibly, narrowly focused on this very niche topic. We know how to mitigate the specific moving parts, potential unexpected changes, and processes involved with this case to get you the payout you deserve.
- **Experience:** Brownstone Recovery experts have decades of experience in settlement recovery, with special expertise in cases involving payment and interchange. Brownstone Recovery has worked on other card payment cases, including a previous case involving Visa and MasterCard. We are experienced enough to know how to mitigate the changes that may come up in a case like this.
- **Transparency throughout the process:** We update you throughout the process. We help you with your claim, we notify you of important milestones in the process, we tell you what the Claims Administrator is offering, and we work with you to appeal a settlement offer if necessary. From start to finish, we keep you informed of the status of your claim.
- **We make it easy for you:** Brownstone Recovery does the work of collecting your transaction history, supporting your claim, and staying on top of the process.

Q: If I retain Brownstone Recovery, what will they do for me?

A: When you retain Brownstone Recovery, our staff goes to work for you right away. Throughout the settlement process, we will work for you in these ways:

- Brownstone Recovery will register your intent to participate in the settlement with the Claims Administrator.
- When the court gives final approval of the settlement, Brownstone Recovery will file an accurate claim on your behalf with the Claims Administrator.
- Brownstone Recovery will follow up with you for any additional information needed to support your claim.
- Brownstone Recovery will track the settlement process and notify you about progress and status.

Q: Is there someone at Brownstone Recovery I can reach out to if I have questions?

A: Yes, to reach a Brownstone Recovery representative, you can email us at operations@brownstonerecovery.com.