

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

IN RE MEXICO MONEY TRANSFER
LITIGATION (MONEYGRAM)

X

.... X

No 98 C 2408

Judge Ann C Williams
Magistrate Judge Arlander Keys

**NOTICE OF CLASS ACTION,
PROPOSED SETTLEMENT AND HEARING**

**TO: ALL PERSONS WHO USED THE MONEYGRAM® MONEY TRANSFER SERVICE TO WIRE
MONEY FROM ANYWHERE IN THE UNITED STATES TO ANYWHERE IN MEXICO BETWEEN
JANUARY 1, 1988 AND AUGUST 31, 1999.**

**YOU MAY BE ENTITLED TO BENEFITS
UNDER THE TERMS OF THIS CLASS ACTION SETTLEMENT.**

PLEASE READ THIS NOTICE CAREFULLY.

THIS IS NOT A SUMMONS

IT IS NOT AN ORDER TO COME TO COURT

*IT IS A NOTICE OF A PROPOSED SETTLEMENT OF A CLASS ACTION LAWSUIT AND
AN ANNOUNCEMENT OF A COURT HEARING THAT YOU MAY ATTEND IF YOU WANT TO
THE HEARING WILL CONCERN WHETHER THE PROPOSED SETTLEMENT SHOULD BE APPROVED*

THIS PROPOSED SETTLEMENT MAY AFFECT YOUR RIGHTS.

I. WHY SHOULD I READ THIS NOTICE?

The parties have proposed to settle this class action lawsuit. You may be a member of the Class. If the Settlement is approved by the Court, your legal rights may be affected.

This Notice describes what this lawsuit is about, explains the terms of the proposed Settlement, tells you who would be covered and what legal claims would be resolved by the Settlement if the Court approves it, and explains that the Court will hold a hearing to consider the fairness, reasonableness, and adequacy of the proposed Settlement.

This Notice, which has been approved by the Court, is only a summary. Two more detailed documents called the "Corrected Stipulation and Agreement of Compromise and Settlement" and the "Amendment to Corrected Stipulation and Agreement of Compromise and Settlement" (collectively, the "Settlement Agreement"), and containing the complete terms of the proposed Settlement, are on file with the Court where they are available for your review.

II. WHAT IS THIS LAWSUIT ABOUT?

This lawsuit was filed in April 1998 in Federal Court in Chicago by a MoneyGram® customer. It names two corporations as defendants, MoneyGram Payment Systems, Inc. and Integrated Payment Systems, Inc. (collectively, the "Defendants"). The lawsuit alleges that in the course of operating their money transfer services to Mexico under the name MoneyGram®, and in violation of state and federal law, the Defendants made misrepresentations about or otherwise failed to disclose the fact that they received a more favorable exchange rate for converting dollars to Mexican pesos than they provided to their customers. The suit alleges that these misrepresentations or non-disclosures occurred in Defendants' advertisements and at the time of each wire transfer from the United States to Mexico ("Mexico Money Transfer"). The lawsuit seeks both money damages and injunctive relief from the Defendants. The Defendants deny all allegations of wrongdoing. They maintain that there is nothing improper or unlawful about their having generated revenue based on their ability to purchase Mexican currency at an exchange rate that is more favorable than the exchange rate they provide to customers. They further contend that they made all disclosures relating to exchange rates that the law requires and that their advertisements were neither false nor misleading. The Defendants also maintain that their customers have not been injured and, therefore, are not entitled to money damages or any other form of relief. The Court has made no determination about the strengths or weaknesses of either the Plaintiffs' or the Defendants' contentions in this case.

III. WHO IS COVERED BY THE SETTLEMENT?

On May 12, 1999, the Court certified this case as a class action for settlement purposes. The Court has defined the "Settlement Class" to include all persons who used the MoneyGram® money transfer service to wire money from anywhere in the United States to Mexico between January 1, 1988 and August 31, 1999. If you come within that Class definition, you are automatically a Class Member unless you exclude yourself from the Class by following the procedures for exclusion that are set forth in this Notice. Class Members are eligible to receive a share of the recovery created by the proposed Settlement and will be bound by the Settlement if it is approved by the Court. Persons who exclude themselves from the Class will not be bound by the Settlement and will not share in the Settlement proceeds.

IV. WHAT ARE THE TERMS OF THE SETTLEMENT?

The proposed Settlement was negotiated with the Defendants by the attorneys for the Class. Defendants have agreed as part of the Settlement (a) to give Class Members discounts, in the form of coupons, that may be used on future Mexico Money Transfers; (b) to modify their disclosures regarding currency exchange on their send forms or receipts for Mexico Money Transfers and in their price-related Mexico Money Transfer advertising, as set forth in more detail in the Settlement Agreement, (c) to establish a toll-free telephone number for customers to call to find out the exchange rate being offered on Mexico Money Transfers, and (d) to create a cash fund of \$317,460 to be awarded to charitable or public interest organizations serving the Mexican community in the United States.

The attorneys for the Class believe that this Settlement, which has received preliminary approval from the Court, and which is subject to final approval after a Settlement Hearing to be held on December 10, 1999, is in the best interests of the members of the Class.

A. The Coupon Program

The Defendants have agreed to make available discount coupons with a maximum face value estimated to be at least \$105 million to those Settlement Class members who complete and return claim forms. If you used the MoneyGram® money transfer service to wire money from the United States to Mexico between January 1, 1988 and August 31, 1999, then under the Settlement you would have rights as follows:

For transactions between December 11, 1996 and August 31, 1999. For each such transaction that can be documented, you are eligible to receive either (a) one coupon worth \$6 or (b) two coupons each worth \$4.25. The choice is yours. Each coupon may be used for a discount (of either \$4.25 or \$6) at any MoneyGram® location on a future MoneyGram® Mexico Money Transfer.

For transactions between November 3, 1993 and December 10, 1996. For each such transaction that can be documented, you are eligible to receive either (a) one coupon worth \$6 or (b) two coupons each worth \$4.25. The choice is yours. Each coupon may be used for a discount (of either \$4.25 or \$6) at any Western Union® agent location on a future Western Union® Mexico Money Transfer.

For transactions between January 1, 1988 and November 2, 1993. For every ten such transactions that can be documented, you are eligible to receive either (a) one coupon worth \$6 or (b) two coupons each worth \$4.25. The choice is yours. Each coupon may be used for a discount (of either \$4.25 or \$6) at any Western Union® agent location on a future Western Union® Mexico Money Transfer.

MoneyGram® customers who made transactions between January 1, 1988 and December 10, 1996 that can be documented will receive Western Union® coupons instead of MoneyGram® coupons because during that time, the MoneyGram® money transfer service was owned by Integrated Payment Systems, Inc., an affiliate of Western Union Financial Services, Inc.

These coupons will be redeemable for 35 months after they are issued, at which time they will expire. Each coupon is redeemable for a discount on one Mexico Money Transfer transaction; only one coupon may be used per transaction. The coupons will be freely transferable, they may be given or sold to others. The coupons may also be used in combination with other discounts and promotions, but may not be redeemed for cash.

B. Injunctive Relief

The Defendants have also agreed as part of the Settlement (a) to modify their disclosures regarding currency exchange on their send forms or receipts for Mexico Money Transfers and in their price-related Mexico Money Transfer advertising, as set forth in more detail in the Settlement Agreement; and (b) to establish a toll-free number for customers to call to find out the exchange rate being offered on Mexico Money Transfers. The disclosures will cease being required after a period of 60 months, absent good cause shown.

C. Cy Pres Relief

The Defendants have further agreed to create a fund of \$317,460 to be awarded to charitable or public interest organizations serving the Mexican community in the United States.

D. Releases

The proposed Settlement is intended to settle all claims covered by the release in the proposed Settlement Agreement, including, but not limited to, all claims that Class Members may have that relate in any manner to Defendants' electronic money transfer services from the United States to Mexico since January 1, 1988 and through August 31, 1999, to any communications, representations, statements, or omissions to members of the Settlement Class with respect to the foregoing, or to any acts, transactions or occurrences alleged or otherwise asserted or referred to in the pending lawsuit, or the Settlement Agreement or that could have been asserted in the pending lawsuit, known or unknown, whether arising under federal, state, territorial, or local common law, statutes, ordinances, or regulations. This Settlement includes not only claims against the Defendants, but also claims against any of their respective current or former officers, directors, employees, domestic agents, international agents, attorneys, auditors, accountants, experts, parents, subsidiaries, affiliates, divisions, stockholders, heirs, executors, representatives, predecessors, successors, and assigns. If you do not exclude yourself from the Class following the procedures set forth in this Notice, you will be deemed to have entered into the release in the Settlement Agreement, whether or not you receive coupons.

E. Fees and Costs

The Defendants have agreed to pay the necessary and reasonable costs of administering the Settlement, including the costs of mailing this Notice and of distributing coupons if the Settlement is approved. If the proposed Settlement is approved by the Court, the attorneys for the Class will apply to the Court for approval of an award of their attorneys' fees in the amount of \$1,428,571, plus reimbursement of their reasonable expenses. Defendant MoneyGram Payment Systems, Inc. has agreed to pay those amounts, subject to the approval of the Court. Class Members will not be responsible for attorneys' fees or the expenses of litigation. The details and the timing of the payment of attorneys' fees and expenses are contained in the Settlement Agreement. The attorneys' fees were negotiated only after the Parties had negotiated and agreed upon the benefits for the Settlement Class.

V. DO I NEED TO DO ANYTHING NOW IN ORDER TO PARTICIPATE IN THE SETTLEMENT?

If you wired money from the United States to Mexico using the MoneyGram® money transfer service between January 1, 1988 and August 31, 1999, you are a member of the Class. To claim coupons, you will be required to file a claim form, which will be mailed to you at the address to which this Notice was sent if the proposed Settlement is approved by the Court and becomes final. Right now, there is no action you need to take to continue to be a Class Member and to preserve your right to participate in the Settlement. If you change your address, and want to receive a claim form at your new address, you should send a notice of your change in address to Mexico Money Transfer Litigation at the address set forth in Section X, below.

VI. WHO REPRESENTS THE CLASS?

Plaintiff Raul Ross Pineda has represented the Settlement Class in this lawsuit and has been designated by the Court as the Class Representative for purposes of this Settlement. The attorneys for the Class ("Class Counsel") are from two law firms from Chicago -- Gessler, Hughes & Socol, Ltd. and Jenner & Block -- and six law firms from Texas -- Crowley & Douglas, LLP; Scott, Douglass & McConnico, Nix Patterson & Roach, Harris & Watts, P.C., Rodriguez, Pruneda, Tovar, Calvillo & Garcia, PLLC, and The Pena Law Firm, PLLC. These attorneys represent the interests of the Settlement Class for purposes of this Settlement. The Court has appointed Matthew J. Piers of Gessler, Hughes & Socol, Ltd. as lead counsel for the Class for purposes of the Settlement. (As explained in this Notice, you may also appear through your own attorney, at your own expense.)

VII. WHAT ARE THE REASONS FOR THE SETTLEMENT?

Class Counsel reached this Settlement after weighing the risks and benefits to the Class of this Settlement compared with those of continuing the litigation. The factors that Class Counsel considered included the uncertainty and delay associated with continued litigation, a trial and appeals, and the uncertainty of particular legal issues that have yet to be determined. Class Counsel balanced these and other substantial risks in determining that the proposed Settlement is fair, reasonable, and adequate in light of all circumstances and in the best interests of Settlement Class Members.

VIII. WHAT ARE MY RIGHTS AND OPTIONS?

1. You may remain a member of the Class, represented by Class Counsel, in which case there is nothing you need to do right now to preserve your rights. As a Class Member, you will be represented by Class Counsel and will have rights to participate in the Settlement. If the Settlement is approved by the Court, the Settlement will result in a dismissal of your claims. You will be represented as a Class Member by Class Counsel. As a member of the Class, you will not be charged for the services of Class Counsel.

2. You may remain a member of the Class but elect to hire your own attorney to represent you. If you do not wish to be represented by Class Counsel, you may hire your own attorney. Your attorney must file an Appearance, no later than November 26, 1999, with the Clerk of the Court, United States District Court for the Northern District of Illinois, 219 South Dearborn Street, Chicago, Illinois 60604, and must send copies to Class Counsel and the attorneys for the Defendants (listed in paragraph 3 below), postmarked no later than November 26, 1999. Although separately represented, you will continue to be a Class Member. You will be responsible for any fees and costs charged by your attorney.

3. You may exclude yourself from the Class. If you are a member of the Class but do not want to remain in the Class, you may exclude yourself. If you exclude yourself from the Class, you will lose any right to participate in the Settlement. You will also lose the right to have objections you might have to the Settlement considered by the Court before it rules on the Settlement. You will be free to pursue any claims you may have against the Defendants on your own behalf, but will not be represented by Class Counsel. In order to exclude yourself from the Class, you must execute a request for exclusion, which must contain: (1) the name of this lawsuit, In re Mexico Money Transfer Litigation (MoneyGram) (Case No. 98 C 2408), (2) your full name and current address, (3) your signature, (4) evidence of your membership in the Class, in the form of a statement of the approximate number of Mexico Money Transfers you conducted using the MoneyGram® money transfer service between January 1, 1988 and August 31, 1999 and the year of each such transaction, and (5) a specific statement of your intention to exclude yourself from this lawsuit. Requests for exclusion must be postmarked no later than November 26, 1999 and sent to Class Counsel and the attorneys for the Defendants, at the addresses listed below.

Matthew J. Piers, Esq.
Gessler, Hughes & Socol, Ltd.
P.O. Box 9333
Garden City, NY 11530-9333

Gail E. Lees, Esq.
Gibson Dunn & Crutcher LLP
P.O. Box 9334
Garden City, NY 11530-9334

Richard J. Grad, Esq.
Sidley & Austin
P.O. Box 9331
Garden City, NY 11530-9331

If you do not comply with these procedures and the deadline for exclusions, you will lose any opportunity to exclude yourself from the Settlement Class and your rights will be determined by the Settlement Agreement.

4. You may remain a member of the Class, represented either by Class Counsel or by your own attorney, and object to the Settlement. If you do not exclude yourself from the Class, you may object to the proposed Settlement. To do so, however, you must file a written objection, which must contain: (1) the name of this lawsuit, In re Mexico Money Transfer Litigation (MoneyGram) (Case No. 98 C 2408), (2) your full name and current address; (3) evidence of your membership in the Class, in the form of a statement of the approximate number of Mexico Money Transfers you conducted using the MoneyGram® money transfer service between January 1, 1988 and August 31, 1999 and the year of each such transaction, and (4) the specific reason(s) for your objection. If you wish to appear at the Settlement Hearing and be heard orally in support of, or in opposition to, the Settlement, you may do so if you indicate your desire to appear personally in your written objection. Objections must be mailed to the Clerk of the Court, Class Counsel and the attorneys for the Defendants, accompanied by any supporting papers or briefs and postmarked no later than November 26, 1999, at the addresses listed below.

Clerk of the Court:
United States District Court
for the Northern District of Illinois
219 South Dearborn Street
Chicago, Illinois 60604

Matthew J. Piers, Esq
Gessler, Hughes & Socol, Ltd
P O Box 9333
Garden City, NY 11530-9333

Gail E. Lees, Esq
Gibson Dunn & Crutcher LLP
P.O. Box 9334
Garden City, NY 11530-9334

Richard J. Grad, Esq
Sidley & Austin
P O Box 9331
Garden City, NY 11530-9331

If you do not comply with these procedures and the deadline for objections, you will lose any opportunity to have your objection considered at the Settlement Hearing or to otherwise contest the approval of the Settlement or to appeal from any orders or judgments entered by the Court in connection with the proposed Settlement.

IX. WHEN IS THE COURT HEARING AND WHAT IS IT FOR?

On Friday, December 10, 1999 at 11 00 a m , the Court will hold a public hearing in Room 1903 of the United States District Court for the Northern District of Illinois, 219 South Dearborn Street, Chicago, Illinois 60604, for the purpose of determining whether the proposed Settlement is fair, adequate and reasonable and should be approved This hearing may be continued or rescheduled by the Court without further notice

Class Members who support the proposed Settlement do not need to appear at the hearing and do not need to take any other action to indicate their approval Class Members who object to the proposed Settlement are not required to attend the Settlement Hearing If you want to be heard orally in opposition to the Settlement, either personally or through counsel, you must indicate your intention to appear at the Settlement Hearing in your written objection

X. WHERE CAN I GET MORE INFORMATION?

If you have questions about this Notice or the Settlement, you should call toll-free, in English or Spanish, 1-888-285-3607 or write to Mexico Money Transfer Litigation, P O Box 9332, Garden City, New York 11530-9332 for more information You may also seek advice and guidance from your own private attorney at your own expense, if you so desire

This Notice is only a summary For more detailed information, you may review the Settlement Agreement, containing the complete terms of the proposed Settlement, which is on file with the Court and available to be inspected at any time during regular business hours at the Clerk's Office, United States District Court for the Northern District of Illinois, Eastern Division, 219 South Dearborn Street, Chicago, Illinois 60604. You may also review the pleadings, records and other papers on file in this lawsuit at the Clerk's Office

PLEASE DO NOT WRITE OR TELEPHONE THE COURT, MONEYGRAM, WESTERN UNION, OR ANY OF THEIR AGENTS FOR INFORMATION ABOUT THE PROPOSED SETTLEMENT OR THIS LAWSUIT.

DATED July 16, 1999

The Honorable Ann C. Williams
United States District Judge