1 Hallen D. Rosner (SBN 109740) Alan M. Mansfield (SBN 125998) ROSNER LAW & MANSFIELD, LLP 10085 Carroll Canyon Road, Suite 100 3 San Diego CA 92131 Tel: (858) 348-1005 4 Fax: (858) 348-1150 5 Attorneys for Plaintiff 6 7 8 UNITED STATES DISTRICT COURT 9 SOUTHERN DISTRICT OF CALIFORNIA 10 11 SCOTT NELSON, Individually and on Behalf of Case No.: 05cv1594 (AJB) All Others Similarly Situated, 12 **CLASS ACTION** 13 Plaintiff, DECLARATION OF ALAN M. MANSFIELD IN SUPPORT OF PLAINTIFF'S APPLICATION 14 FOR ENTRY OF [PROPOSED] ORDER VS. PRELIMINARILÝ APPROVIŇG 15 SETTLEMENT AND CLASS NOTICE VIRGIN MOBILE USA, L.L.C., and PROGRAM 16 VIRGIN MOBILE USA, INC., Date: N/A 17 Defendants. Time: N/A 18 Courtroom: The Hon. Anthony J. Battaglia 19 I, ALAN M. MANSFIELD, declare as follows: 20 21 1. I am an attorney at law duly admitted to practice before this Court and am a partner with the law firm of Rosner, Law & Mansfield LLP, the attorneys of record for plaintiff in this action. 22 23 As I was one of the principal counsel directly involved in the negotiation over the 2. terms of this settlement, I have personal knowledge of the matters set forth in this Declaration 24 filed in support of the Application for Entry of Order Preliminarily Approving Settlement and Class 25 26 Notice Program. If called to testify, I could and would competently testify to the following facts 27 stated herein. 28 111

DECLARATION OF ALAN M. MANSFIELD IN SUPPORT OF PLAINTIFF'S APPLICATION FOR ENTRY OF [PROPOSED] ORDER PRELIMINARILY APPROVING SETTLEMENT - 1

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- 3. Attached as Exhibit 1 to the [Proposed] Order Preliminarily Approving Settlement And Class Notice Program being filed with this Declaration is a true and correct copy of the Settlement Agreement that has been approved by the parties and their counsel.
- 4. This case has been actively litigated since its inception in August 2005. The Complaint is at issue, and significant information had been exchanged between counsel prior to agreeing to the terms of this settlement. Plaintiff and counsel had also conducted their own significant investigation and were ready to file a motion for preliminary injunction at the time the parties began to negotiate over the terms of the settlement presented to this Court for preliminary approval.
- 5. As part of the settlement negotiation process, the parties negotiated directly with each other and also used the services of this Court through several Early Neutral Evaluation Conferences. The parties had one face-to-face meeting with this Court in December 2005, and numerous subsequent telephone conferences with the Court and with each other prior to executing the Settlement Agreement. Through this process, the Court was made familiar with the claims and contentions of the parties, as well as the strengths and weaknesses of the claims and defenses of both sides. The parties therefore engaged in negotiations, assisted by this Court, where all parties, their experienced counsel and the Court were well-informed of all relevant facts and acted in a manner that ensured such negotiations were arms'-length and non-collusive. This Court also ensured that the fee and expense provisions of the settlement were only negotiated after the other principal terms and conditions of the settlement had been agreed to by the parties in principle, so as to ensure there was no conflict between the negotiations over the principal terms of the settlement and any fee negotiations. In fact, such substantive negotiations did not take place until after this Court had issued an Order finding that, as the settlement terms had been agreed to in principle, the parties could at that time engage in negotiations to resolve the fee issue. Even those negotiations were not resolved until the day before another settlement conference was set to commence before the Court in February 2005.
- 6. As described in greater detail in the accompanying Application, the Class Notice and the Settlement Agreement, under this settlement each class member who after March 2005 purchased one of the relevant handsets or was charged for *VM calls, and who either contacts a designated toll-free

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customers likely still have their phone, we provided former customer Class members the option of a \$20.00 credit if they reactivated their Virgin Mobile phones, with Virgin Mobile waiving any potential reactivation fees. For many former customers, reactivating their phone at no cost and receiving a \$20.00 credit, without being required to execute any term contracts or make any other purchase from Virgin Mobile, provides such persons with the opportunity to receive full compensation for any out-of-pocket losses. Thus, from an overall perspective, these payments represent a significant reimbursement of any out-of-pocket damages such class members may have incurred. Virgin Mobile has also agreed to make certain practice changes in terms of how it will disclose free airtime promotions, the minimum free airtime amount it will agree to provide, not to charge for *VM calls for two years and then only after certain agreed-to disclosures, and other requirements that will be in effect for up to five years. Thus, this settlement stops the complained of actions alleged in the Complaint on a going-forward basis.

- 7. The goal of the lawsuit was to stop the alleged practices and provide full compensation back to Class members. As detailed above, the amount of monies to which the Class members are entitled is within the range of damages I reasonably believe we could have obtained at trial, based upon my understanding of the facts as developed during the course of this litigation. While one major strength of this case is that we believe we could establish these charges were at a minimum mistakenly described on advertisements and packaging for a period of time, the potential weakness is that if the Court found these charges were not uniformly described on the packaging (as in some cases the packaging simply said "free airtime" with no dollar amount stated), were not material or that the Terms and Conditions of Service allowed Virgin Mobile the ability to change such terms without notice, there may not be any case. Thus, the primary issue raised in this litigation was one of disclosure. Our intent in crafting this settlement was to get some form of significant compensation back to Class members who paid the fees in question or did not get the promised credits in as cost-efficient manner as possible to the extent practicable, as well as to stop the alleged practices from recurring.
- 8. What makes this result even more reasonable is that this case is not without additional litigation risks in terms of class certification if a stipulation on the issue could not be reached, as well

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as Virgin Mobile's claims that the charges had been properly described and even if they were not, they could have been properly charged to customers based on the Terms and Conditions of Service. Thus absent a settlement the Class members faced risks of non-recovery and even in the best case, long delays in receiving any recovery. Under the settlement in this case, Class members will receive payment promptly, and without risk. In addition, the proposed class notice fully advises class members of all their alternatives, so that they can make an informed decision on whether to accept the settlement, object, or opt out and pursue their own claims.

9. Since the primary way Virgin Mobile communicates with its customers is either by text messaging or the Virgin Mobile's internet website, Class notice will be sent to all present Virgin Mobile customers who are Class members via a short text message to each of their cellular phones directing them to www.vmclasssettlement.com or a separately designated toll-free telephone number, as well as by placing a prominent link on their individual customer page where consumers regularly obtain information about their account, so as to ensure the most likely chance of being reviewed by Class members. For notice to former customers, considering the length of the class period Virgin Mobile believes it still has a significant number of valid addresses and email addresses, and will send an email and postcard notice to these addresses providing these Class members similar information as in the text message, with a link to the Class notice and advising them how to learn more about this settlement through the settlement website and participate in the settlement benefits. Based on communications with counsel, we believe this will provide direct notice to the vast majority of Class members. The settlement website will contain the full Settlement Agreement and class notice, a claim form that allows for automatic transmission of claims rather than a paper submission (making it more likely claims will be submitted and cutting down significantly on transactional costs), and other relevant litigation documents and Orders. Additionally, Virgin Mobile will establish a separate tollfree number manned by a third party administration firm that will also be set up in a manner so that former customer Class members can submit claims over the phone, as well as make inquiries about the terms of the settlement. To fill in any notice gaps, a summary notice describing the settlement terms and directing Class members on how to get more information about the settlement and what their options are will also be provided by publication once a week for two weeks in USA Today.

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Such publication notice is as a supplement to the direct notice, as Virgin Mobile does not keep the information needed to identify former customers in any method that would make it practical to provide each individual former customer individual mailed notice. However, all those former customers who can be identified through reasonable effort will receive either the email or the post card notice described above, and we believe this will be the vast majority of former customers.

During the course of discovery we determined that Virgin Mobile had charged over 10. 400,000 customers throughout the United States the *VM charges in question or had not given the promised \$10.00 in activation credits. While the amount of these fees varied over time, from just over a \$5.00 activation credit gap early in the class period to \$7.50, plus airtime charges of approximately 10 cents a minute for *VM charges, Virgin Mobile had described these fees and credits in the same way on an identifiable amount of Handset packaging (specifically, packaging for The Super Model, The Party Animal, Vox 8500, the K-7 Rave, Slider V5, K9, Flasher V7 and Vox 8610 model lines) and customer Top-Up cards for an identifiable period of time. Also, Virgin Mobile implemented uniform polices for when to impose these charges or not providing credits for such amounts at the same time, and implemented such policies on a class-wide basis. The named class representative falls within the class definition as a purchaser of one of the relevant handsets in June 2005 who did not receive a \$10.00 activation credit and who was charged for calls to *VM in trying to purchase air time for his Virgin Mobile cellular telephone account. Common questions of fact and law predominate over individual issues. Specifically, the charge descriptions on the packaging and Top-up Cards were materially identical for each Class member and were amended periodically based on uniform policy changes. Thus, the primary factual issues, i.e., the existence of the alleged misrepresentations, whether the misrepresentations were material and compensable, the amount of out-of-pocket losses incurred and whether this settlement is a fair compromise of such damage claims, is common to all of the Class members. While Virgin Mobile is based in New York, in addition to jurisdiction being vested with this Court under CAFA, there are sufficient minimum contacts with this State in terms of the significant number of Class members located here that a California federal court can exercise jurisdiction over all absent Class members and resolve their claims under California law. In addition, based upon my analysis of the claims at issue, New York's

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11. As reflected in the Settlement Agreement, my firm is requesting, and Virgin Mobile has agreed not to oppose, a request for fees, costs and a class representative payment to Mr. Nelson in an amount not to exceed 20% of a \$2.7 million settlement fund. Such amounts will not reduce the level of the former customers' recovery (a further benefit of this settlement for them) and does not take that compensation into account in calculating its reasonableness, and will only reduce the current customers' \$7.50 credit if there is an extraordinarily high claims rate, based on the information provided to us by Virgin Mobile as to the number of current customers who are members of the Class

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and entitled to the airtime credit reimbursement. Viewed as a percentage of the overall common fund recovery, this requested fee will be below the 25% benchmark consistently referred in Ninth Circuit class action settlement decisions. In addition, by the time this settlement is finally approved, the amount of the attorneys' fees and costs that will be requested as part of this settlement will be equal to a multiplier of between two to three times the hours my firm has expended litigating this action multiplied by my firm's standard hourly rates, plus the litigation expenses we have incurred. This is an estimate since at this point we do not know how much time will be needed to reach final settlement approval, based on my experience in other class action settlements, this additional time could be significant depending on the class response rate. However, this establishes as an independent cross-check that the fees requested are reasonable. Thus I submit that, while I will provide additional information on this point as part of the final approval hearing, my firm's request for reimbursement of time and expenses incurred in this action should be preliminarily approved as reasonable as a term of this settlement.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed this 15 day of March, 2006 at San Diego, California

ALAN M. MANSFIÈLD

Declarant

EXHIBIT 1

ROSNER, LAW & MANSFIELD LLP

PARTNERS:

Hallen D. Rosner

Attorney Hallen D. Rosner has dual Bachelor Degrees from the University of California at Berkeley and obtained his *Juris Doctorate* from the University of San Diego Law School in 1983. While in law school, Mr. Rosner was both a member of the law review and a regional moot court representative. Mr. Rosner handled his first consumer fraud/Lemon Law case while he was still a law student. Also during law school he began working with one of the noted consumer advocates in the country, Professor Robert Fellmeth. Robert Fellmeth was one of the two original "Nader's Raiders" and is a Professor of Consumer Law at the University of San Diego and founder of the Center for Public Interest Law. Based upon the success of his first case, Mr. Rosner continued to handle consumer fraud and Lemon Law matters, working with Professor Fellmeth before and after graduation from law school. Mr. Rosner was admitted to the California State Bar in 1983.

Following graduation from law school, Professor Fellmeth and Mr. Rosner started their own consumer protection firm. Ultimately, Professor Fellmeth returned to teaching on a full-time basis, but since then Mr. Rosner has handled consumer protection matters over the past 17 years. In that time, Mr. Rosner and his law firm have now handled over one thousand vehicle cases resulting in two prominent published opinions. (See *Bishop v. Hyundai Motor America* (4th Dist. 1996) 44 Cal.App.4th 750; and *Foreman v. National R.V., Inc.* (4th Dist. 1995) 34 Cal.App.4th 1072.) Both of these cases involved large civil penalties, which were upheld on appeal. In addition, Mr. Rosner has litigated to trial and resolved numerous consumer class actions, including *Shames v. Pacific Bell*, San Diego Superior Court Case No. GIC 751324, challenging the failure of Pac Bell to offer a 4 hour time window to consumers as required by law (settlement resulted in a change of practices and was valued at over \$20 million), and *Critney v. National City Ford*, San Diego Superior Court Case No. GIS 814990, challenging the failure of a car dealership to disclose vehicles as having been prior rentals (settlement resulted in practice changes and consumers receiving \$1,000 cash each)

Mr. Rosner has served as a state Lemon Law conference moderator, given numerous presentations regarding consumer rights and warranty law, appeared as an expert before a state Senate subcommittee, and provided opinions on consumer legislation to legislators.

Alan M. Mansfield

Attorney Alan M. Mansfield received his B.S. degree, *cum laude*, in Business Administration - Finance from California Polytechnic State University, San Luis Obispo in 1983 and his *Juris Doctorate* degree from the University of Denver School of Law in 1986. He is admitted to the bar of the State of California, to the United States District Courts for all Districts of California and to the Third, Fifth, Ninth and Tenth Circuit Courts of Appeal.

Mr. Mansfield has specialized in the area of national consumer class action and public interest litigation since 1991. He has been involved over the years in numerous significant matters, including the Joe Camel teen smoking case, *Mangini v. R.J. Reynolds Tobacco Co.* (1994) 7 Cal.4th 1057, and the DMV motor vehicle Smog Impact Fee refund case (*Jordan v. Department of Motor Vehicles* (1999) 75 Cal.App.4th 449). Mr. Mansfield joined his current firm in 2001, having been responsible for several years for the consumer law group in the San Diego office of the largest class action firm in the United States, Milberg Weiss Bershad Hynes & Lerach, LLP. His clients include the Utility Consumers' Action Network ("UCAN") and the Privacy Rights Clearinghouse. Since joining the firm, he has litigated a variety of class and private Attorney General actions to successful resolution, including an action involving the unauthorized billing of consumers for Internet dial-up service that resulted in full refunds of over \$1 million, significant practice changes and financial contributions to the California Consumer Protection Foundation (*UCAN v. Prodigy Communications*, San Diego Superior Court Case No. GIC 779435).

Mr. Mansfield is a regular speaker and panelist in continuing legal education programs relating to California's consumer protection statutes, including making presentations to the California Center for Judicial Education and Research (July 2001) and the Privacy Foundation (February 2004 and October 2005). He has written extensively on a number of subjects, including a chapter and update on the scope of the Consumers Legal Remedies Act in Anti-Trust and Unfair Competition Law - Third, published by the California Bar Association; "Has The Class Certification Inquiry Changed Due To Proposition 64?", State Bar of California Anti-Trust and Unfair Competition Section (May 2005); "Hartwell: Are Courtroom Doors Open To Litigation Involving Regulated Industries?", San Diego ABTL Report (August 2002); "Litigation Issues Arising from the Use of Websites," Practicing Law Institute (April 2001); "Kraus, Cortez and Future Battlegrounds In Representative Actions Under the Unfair Competition Law," Consumer Attorneys of California Forum (July/August 2000) (co-authored with Mark A. Chavez); "Private Enforcement of California's Consumer Protection Unfair Business Practices Act," CAOC Annual Meeting (November 1997); "Life After BMW v. Gore - Who Is Now The Trier of Fact?," PLI (Fall 1997).

Mr. Mansfield has previously served on the Board of Directors of the National Association for Consumer Advocates, is the current editor of the ABTL newsletter for the San Diego Chapter of the Association of Business Trial Lawyers, and is a current member of the American Bar Association, the Anti-trust Section of the California Bar Association, the San Diego County Bar Association, the Consumer Attorneys of California and San Diego, and the William B. Enright Inn of Court.

Christopher P. "Hawk" Barry

Christopher P. "Hawk" Barry received his undergraduate degree from Duke University (B.A., History and Political Science, 1992) and his law degree from the University of Southern California School of Law (J.D., 1995). While in law school, Mr. Barry served on the editorial board of the Interdisciplinary Law Journal.

Mr. Barry is admitted to practice before the courts of California, and the United States District Courts for the Northern, Central and Southern Districts of California. He is a member of the State Bar of California, the San Diego County Bar Association, and the

William L. Todd, Jr. Inn of Court.

Before joining Rosner, Law & Mansfield in 2002, Mr. Barry worked as an associate in a national law firm where he gained experience in complex commercial litigation involving commercial fraud, unfair business practices, and antitrust issues. Mr. Barry's trial experience included a federal action resulting in a jury verdict awarding over \$100 million in penalties against an oil company for defrauding the federal government. Mr. Barry focuses his work on dealership fraud cases involving violations of the Automobile Sales Finance Act, the Vehicle Leasing Act, the Consumers Legal Remedies Act, and the Unfair Competition Law. Mr. Barry serves as trial counsel on both dealership fraud and Lemon Law cases, and has helped clients obtain favorable recoveries in cases involving false advertising, non-disclosed prior rental vehicles, "packing," and illegal back-dating of contracts.

Douglas D. Law (of counsel)

Douglas D. Law received his undergraduate degree from the University of California, Santa Barbara (B.A., with Honors, 1978) and his law degree from the University of San Diego School of Law (J.D., 1983). While attending law school, he met Hal Rosner and interned for Professor Robert Fellmeth at the Center for Public Interest Law.

Upon graduation from law school, Mr. Law was associated with Lionel, Sawyer & Collins, the largest law firm in Nevada.

In 1988, Mr. Law returned to San Diego and joined Hal Rosner as a founding partner of the firm. For over 14 years, he has successfully litigated consumer protection cases (and particularly vehicle cases). Mr. Law was the trial and appellate attorney in the precedent setting case, *Foreman v. National R.V., Inc.* (1995) 34 Cal.App.4th 1072.

ASSOCIATES:

Gregory T. Babbitt

Gregory T. Babbitt received his undergraduate degree from the University of California, Santa Barbara (B.A., Political Science, 1993) and his law degree from Syracuse University College of Law (J.D., 1997). While in law school, Mr. Babbitt clerked for California Court of Appeal, Associate Justice Richard D. Huffman.

Mr. Babbitt has dedicated his entire career to protecting consumers. Prior to joining the firm, Mr. Babbitt was a Deputy Attorney General for the Pennsylvania Office of Attorney General, Bureau of Consumer Protection (1998-2001), where he investigated and litigated fraudulent and deceptive business practices in the areas of automobile sales and repairs, home improvement, predatory lending, and debt collection. He currently handles car fraud cases (individual and class actions), and new and used lemons. He has obtained significant recoveries for consumers in a variety of areas, including the sale of prior rentals, demonstrators, lemon law buy-backs, salvage, flood damaged, and

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prior wrecks without disclosure, and for "packing," a practice that involves the sale of items such as alarms, window etching, paint and fabric protection, GAP insurance, or warranties without the purchaser's request or knowledge. In January 2005, Mr. Babbitt was trial counsel with Douglas Law for the trial of *Robertson v. Fleetwood Trailers of California* (Tulare County). A cracked shower drain caused water to leak into the underbelly of the Robertsons' trailer and mold to grow there. After trial, the jury ordered Fleetwood to repurchased the Robertsons' trailer and pay a civil penalty for failing to repurchase the trailer prior to the lawsuit being filed.

Mr. Babbitt is a member of the State Bar of California, the State Bar of Pennsylvania, and National Association of Consumer Advocates ("NACA").

Virginia Y. Calderón

Virginia Y. Calderón received her undergraduate degree from the University of California, Berkeley (B.A., Latin American Studies, 1989) and her law degree from Boalt Hall School of Law, University of California, Berkeley (J.D., 1993). While in law school, Ms. Calderón was a Board Member of La Raza Law Students Association and was an Associate Editor of *La Raza Law Journal*. She also clerked for the Mexican American Legal Defense and Educational Fund ("MALDEF") and later joined MALDEF as a staff member. As a bilingual attorney, Ms. Calderón currently handles automobile fraud cases, and new and used lemons for mostly Spanish speaking clients. She has obtained favorable recoveries for clients and has obtained agreements from dealerships to change their practices, procedures and forms in order to better serve the Spanish speaking communities.

Ms. Calderón is a member of the State Bar of California. She is also currently a Board Member of the San Diego La Raza Lawyers Association.

John W. Hanson

John W. Hanson received his undergraduate degree in English and Political Science with honors from the University of Iowa. He also received his J.D. from the University of Iowa where he was a member of the Iowa Law Review and graduated with distinction. Mr. Hanson received his LL.M. with merit from the University of London in 1999. Mr. Hanson has been practicing since 1996 and has served as a Judicial Law Clerk for the Iowa Supreme Court as well as the United States District Courts for the Southern District of Iowa and the Southern District of California. Mr. Hanson specializes in consumer protection class actions.

Mr. Hanson is a member of the California State Bar and the Iowa State Bar.

Sharon E. Glassey

Sharon E. Glassey received her undergraduate degree from California State University Fullerton (B.A., Criminal Justice, 1999). During her undergraduate study she served as a law clerk for Lemon Law attorney, Lawrence J. Hutchens. She received her law

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degree from Thomas Jefferson School of Law (J.D., 2002), where she received the Jefferson Medal for Outstanding Achievement in Media Law. While in law school she clerked for a San Diego Entertainment Law firm.

Ms. Glassey practice focuses on auto fraud and Lemon Law cases. She is a member of the State Bar of California and is admitted to practice in the United States District Court for the Southern and Central Districts of California.

Jennifer Daniel-Duckering

Jennifer Daniel-Duckering received her undergraduate degree from the University of Waterloo, in Ontario, Canada (B.A. in Psychology, minor in Legal Studies, 1994) and her law degree from the University of British Columbia in Vancouver, Canada (LL.B. 1999), where she was an Associate Editor of the UBC Law Review.

Prior to joining the firm in 2004, Ms. Daniel-Duckering was an associate in the San Diego office of Spector, Roseman & Kodroff, which specializes in class action litigation, including securities fraud, consumer protection and antitrust cases. At Rosner, Law & Mansfield, Ms. Daniel-Duckering's practice focuses on automobile fraud and class action cases involving violations of the Automobile Sales Finance Act, California's Warranty laws (including Lemon law), the Consumers Legal Remedies Act, and California's Unfair Competition Law.

Ms. Daniel-Duckering is admitted to practice in the State of California, the United States District Courts for the Southern, Central and Northern Districts of California, the United States District Court for the District of Colorado, and the Province of British Columbia (inactive). She is a member of the California and San Diego County Bar Associations as well as the Lawyers Club of San Diego.

Michael R. Vachon

Michael Vachon joined the firm in 2004. He specializes in consumers protection and class action litigation, and has substantial experience in breach of warranty, California Unfair Competition Law, and motor-vehicle defect claims.

Mr. Vachon received a Master of laws in Business and Corporate law degree, *cum laude*, from the University of San Diego in 2001, and earned his first law degree in 1998 from the University of Victoria, one of Canada's most renowned law schools. He also holds a Bachelor of Commerce degree from the University of British Columbia in Vancouver, Canada. He is admitted to the State Bar of California, to the Federal District Courts for the Southern, Central and Northern Districts of California, as well as the United States Tax Court.