

**IN THE CIRCUIT COURT OF PULASKI COUNTY, ARKANSAS
2nd DIVISION**

KATHARINE WELLS, ET AL.

PLAINTIFFS

v.

No. 60CV-2011-4688

SENATOR JERRY TAYLOR, ET AL.

DEFENDANTS

**NOTICE OF PENDENCY OF CLASS ACTION, RIGHTS OF CLASS MEMBERS,
PROPOSED CLASS SETTLEMENT, AND FAIRNESS HEARING TO CONSIDER THE
PROPOSED SETTLEMENT**

TO: All Arkansas Taxpayers

Pursuant to an Order dated March 12, 2012, the Pulaski County Circuit Court, Second Division, the Honorable Chris Piazza, in the case of *Wells v. Taylor, et al.*, No. 60CV-2011-4688, has directed the giving of notice as follows:

1. Claims Asserted In This Class Action. Pursuant to Article 16, § 13 of the Arkansas Constitution, the Complaint in this Action was filed on September 26, 2011, and the Amended Complaint was filed on March 9, 2012. The Complaints allege that certain members of the Arkansas General Assembly have received insufficiently documented expense reimbursements—some of which were for expenses not actually incurred and some of which were mileage or per diem payments to which they were not legally entitled—that constitute income in excess of that allowed by Amendment 70 of the Arkansas Constitution. The Defendants deny these allegations, and this notice is not to be construed as an expression of any opinion by the Court with respect to the merits of the respective claims or defenses of the parties.

2. Definition of Plaintiff Class. Pursuant to Article 16, § 13 of the Arkansas Constitution, the Plaintiff Class is comprised of all Arkansas Taxpayers.

3. Fairness Hearing Concerning Release and Settlement Agreement. A fairness hearing has been scheduled for 11:00 a.m. on April 3, 2012, at the Pulaski County Circuit Court, Second Division, Room 230, Pulaski County Courthouse, Little Rock, Arkansas. The purpose of the hearing is for the Plaintiffs and Defendants to ask the Court to rule that the proposed Settlement Agreement and Release is fair to the Plaintiff Class and for any member of the Plaintiff Class to present any objections that he or she might have to the proposed Settlement Agreement and Release. The Settlement Agreement and Release is a compromise settlement of disputed claims and the Defendants deny any liability.

4. Terms of Release and Settlement Agreement. Under the terms of the Settlement Agreement and Release, both Chambers of the Arkansas General Assembly have adopted their own Accountable Reimbursement Plan that meets IRS guidelines and ensures that their respective members do not receive income in violation of Amendment 70, do not receive

insufficiently documented expense reimbursements, do not receive expense reimbursements for expenses that were not actually incurred, and do not receive mileage or per diem payments to which they are not legally entitled. To ensure that these new Accountable Reimbursement Plans are followed, both chambers of the General Assembly have further agreed to retain or employ a certified public accountant (“CPA”) who shall conduct an agreed upon procedure engagement encompassing an internal control and compliance assessment with respect to the Chamber’s Accountable Reimbursement Plan at least every two years. Such assessment will include the Chamber’s internal controls concerning its Accountable Reimbursement Plan and the Chamber’s compliance with that plan. The CPA will determine the methodology used in conducting the engagement. The first such engagement shall be performed within one year following the Court’s approval of this agreement and shall cover every member’s reimbursed expenses for that time period. In subsequent engagements, the CPA will determine the appropriate number of disbursements to review.

5. Attorneys’ Fees and Costs. The Settlement Agreement and Release provides that the amount of attorneys’ fees and costs of the Plaintiffs to be submitted to the Circuit Court at the fairness hearing is \$35,000. The parties anticipate that said fees and costs will be paid by the Arkansas General Assembly.

6. Rights of Class Members. All Arkansas Taxpayers are members of the class, no Arkansas Taxpayer may opt out of the class, and all Arkansas Taxpayers will be bound by any settlement or judgment in the Action. Class members may wish to become named parties in the Action to have greater input in the remedy sought, to assure there is no collusion or a friendly lawsuit, and to have input in the amount of attorney’s fees granted. Accordingly, any member who desires may participate in the fairness hearing themselves or through counsel. If you should have any questions concerning the claims asserted in this class action, the Settlement Agreement and Release, or the fairness hearing, please contact either of the Plaintiffs’ attorneys, who are: Bettina E. Brownstein, Bettina E. Brownstein Law Firm, 904 West Second St., Little Rock, AR 72201, (501) 920-1764, or John L. Burnett, Lavey and Burnett, 904 West Second St., Little Rock, AR 72201, (501) 376-2269.

PLEASE DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF THE COURT FOR INFORMATION OR ADVICE.