

IMPORTANT NOTICE

The only official website from which to submit a claim is www.accountholdsettlement.com/Claim. DO NOT submit a claim from any other website, including any website titled “Paycoin c. PayPal Settlement” or with “claim02500paypal.us” or “forms.zohopublic.com” in the website address. DO NOT submit a claim from any website that asks you to submit a copy of your government identification, passport or driver license.

If you are a current or former user of PayPal in the United States who had an active PayPal account between April 19, 2006 and November 5, 2015, this Notice describes your rights and potential benefits from a class action settlement.

THIS NOTICE MAY AFFECT YOUR RIGHTS – PLEASE READ IT CAREFULLY

A court authorized this notice. This is not a solicitation from a lawyer.

NOTE: This notice is updated with dates from the Court’s order setting final approval schedule.

The deadline for class members to file a claim, object to the settlement or opt out of the settlement has been extended to October 14, 2016.

If you received class notice on or before April 10, 2016, your deadline to file a claim, object to the settlement or exclude yourself from the settlement has passed.

- This Notice summarizes a proposed class-action settlement of claims brought against PayPal, Inc. (“PayPal”) and eBay Inc. (“eBay”) (together, “Defendants”). The Settlement resolves a lawsuit in which plaintiffs allege that PayPal improperly handled disputed transactions on PayPal accounts and improperly placed holds and reserves on accounts or closed or suspended accounts. Plaintiffs also allege that PayPal failed to provide annual error-resolution notices and monthly account statements under the Electronic Fund Transfer Act.
- You are part of the Settlement if you had an active PayPal account between April 19, 2006 and November 5, 2015.
- You are part of the Settlement and also may be eligible to submit a claim for a cash payment if you had a hold or reserve placed on your account and/or your account was closed or suspended by PayPal between April 19, 2006 and November 5, 2015.
- The Settlement will require PayPal to implement or maintain certain business practices and to pay between \$3,200,000 and \$4,000,000. At least \$2,240,000, less notice and administration costs, is expected to be paid to settlement class members who had holds or reserves placed on their accounts and submit a claim for payment, and up to an additional \$800,000 will be used to make payments to settlement class members who had holds or reserves placed on their accounts or whose accounts were closed or suspended who claim damages.
- Settlement Class Counsel will ask the Court for up to \$960,000 to be paid as fees and expenses for investigating the facts, litigating the case and negotiating the settlement and for service awards of up to \$2,500 for each named class representative.
- The two sides disagree on whether Plaintiffs would have won at trial.
- Your legal rights are affected whether you act or don’t act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM FORM	<p>If you had an active PayPal account between April 19, 2006 and November 5, 2015 and had a hold or reserve placed on your account and/or the account was closed or suspended by PayPal, you are a Claims Class Member. In order to receive a settlement payment, you must timely submit a Claim.</p> <p>If you had an active PayPal account between April 19, 2006 and November 5, 2015 but you did not have a hold or reserve placed on your account and your account was not closed or suspended by PayPal, then you are only an Injunctive Relief Class Member and you may not submit a claim for payment.</p>
EXCLUDE YOURSELF	If you are a Claims Class Member, you may exclude yourself from the Claims Class and receive no payment, but you will remain in the Settlement. If you are an Injunctive Relief Class Member, you may not exclude yourself from the Settlement.
OBJECT	You can write to the Court about why you don't like the Settlement.
GO TO A HEARING	You can ask to speak in Court about the fairness of the Settlement.
DO NOTHING	If you do nothing, you will not receive any payment and will no longer be able to sue Defendants and the other released parties for the conduct alleged in the lawsuit.

- These rights and options—**and the deadlines to exercise them**—are explained in this notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will only be made if the Court approves the Settlement and after appeals are resolved. Please be patient.
- This notice summarizes the proposed Settlement. For the precise terms and conditions of the Settlement, please see the Settlement Agreement available at www.accountholdsettlement.com or by visiting the office of the Clerk of the Court for the United States District Court for the Northern District of California, 1301 Clay Street, Oakland, CA 94612, between 9:00 a.m. and 4:00 p.m., Monday through Friday, excluding Court holidays.

PLEASE DO NOT TELEPHONE THE COURT OR THE COURT CLERK'S OFFICE TO INQUIRE ABOUT THIS SETTLEMENT OR THE CLAIM PROCESS.

WHAT THIS NOTICE CONTAINS

	<u>Page</u>
BASIC INFORMATION.....	1
1. Why did I get notice?.....	1
2. What is this lawsuit about?	1
3. Why is this a class action?	1
4. Why is there a settlement?	2
WHO IS IN THE SETTLEMENT?	2
5. How do I know if I am part of the Settlement?.....	2
6. Are there exceptions to being included?.....	2
THE SETTLEMENT BENEFITS – WHAT YOU GET	2
7. What does the Settlement provide?.....	2
8. How much will my payment be?	3
HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM.....	3
9. How can I get a payment?.....	3
10. When would I get my payment?	3
11. What am I giving up to get a payment or stay in the Class?	4
12. What if all of the Settlement Fund is not spent?.....	5
EXCLUDING YOURSELF FROM THE SETTLEMENT	5
13. How do I get out of the Settlement?	5
14. If I exclude myself, can I get money from this Settlement?	5
THE LAWYERS REPRESENTING YOU.....	6
15. Do I have a lawyer in this case?.....	6
16. How will the lawyers be paid?	6
OBJECTING TO THE SETTLEMENT.....	6
17. How do I tell the Court that I don't like the Settlement?	6
18. What's the difference between objecting and excluding?	6
THE COURT'S FINAL APPROVAL HEARING.....	7
19. When and where will the Court decide whether to approve the Settlement?	7
20. Do I have to come to the hearing?	7
21. May I speak at the hearing?	7
IF YOU DO NOTHING	7
22. What happens if I do nothing at all?	7
GETTING MORE INFORMATION	7
23. Are there more details about the settlement?	7

BASIC INFORMATION

1. Why did I get notice?

You were sent an e-mail or postcard notice because PayPal's records show that you had a PayPal account between April 19, 2006 and November 5, 2015.

The Court sent you the notice because you have a right to know about the proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and after objections and appeals are resolved, PayPal will be obligated to implement or maintain certain business practices. The Settlement Class includes an "Injunctive Relief Class" and a "Claims Class." (See Question 5 for a description of each.) If you are a member of the Claims Class, you will be eligible to submit a Claim for payment.

This notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them and how to get them.

The Court in charge of the case is the United States District Court for the Northern District of California, and the case is known as Zepeda, et al. v. PayPal, Inc., Case No. 10-CV-02500 SBA ("Zepeda" or the "Action"). The people who sued are called Plaintiffs, and the companies they sued are called the Defendants.

A related case, Fernando, et al. v. PayPal, Inc., Case No. 10-CV-01668 SBA ("Fernando"), has been stayed until the Settlement becomes effective. If you do not opt out of this Settlement, you will release any claims asserted in the Action that are also asserted on your behalf in Fernando.

2. What is this lawsuit about?

Plaintiffs in this case allege, among other things, that PayPal improperly handled disputed transactions on PayPal accounts and improperly placed holds, reserves or limitations on accounts or closed or suspended accounts. Plaintiffs also allege that PayPal failed to provide them with annual error-resolution notices and monthly account statements allegedly required under the Electronic Fund Transfer Act.

Defendants have denied all allegations of wrongdoing and liability. Defendants contend that Plaintiffs' claims have no merit and that Defendants would prevail in the Action. The Court has not finally ruled on the merits of Plaintiffs' claims or Defendants' defenses. There has been no finding that Defendants violated any law in their conduct toward the Plaintiffs or other members of the Settlement Class.

Plaintiffs and Defendants have entered into a Settlement Agreement, which, if approved by the Court, will fully and finally resolve the claims asserted by Plaintiffs on behalf of themselves and everyone else in the Settlement Class.

3. Why is this a class action?

In a class action, one or more people, called class representatives, sue on behalf of people who have similar claims. All these people are a class or class members. One court resolves the issues for all class members, except for those who exclude themselves. U.S. District Judge Sandra Brown Armstrong is in charge of this class action.

4. Why is there a settlement?

The Court did not decide in favor of Plaintiffs or Defendants. Instead, both sides agreed to a settlement. That way, they avoid the costs and uncertainty of a trial. The class representatives and their attorneys think the Settlement is best for all Settlement Class Members.

WHO IS IN THE SETTLEMENT?

5. How do I know if I am part of the Settlement?

You are a member of the Injunctive Relief Class if you are a current or former user of PayPal in the United States who had an active PayPal account between April 19, 2006 and November 5, 2015.

You are a member of the Claims Class if you are a current or former user of PayPal in the United States who: (1) had an active PayPal account between April 19, 2006 and November 5, 2015; and (2) had a hold or reserve placed on the account and/or the account was closed or suspended by PayPal. Excluded from the Claims Class are judicial officers presiding over this action and the members of their immediate families and judicial staff.

All Claims Class Members also are Injunctive Relief Class Members. The Injunctive Relief Class and the Claims Class are referred to together as the Settlement Class.

6. Are there exceptions to being included?

Excluded from the Claims Class are judicial officers presiding over this action and the members of his/her immediate family and judicial staff.

THE SETTLEMENT BENEFITS – WHAT YOU GET

7. What does the Settlement provide?

PayPal has agreed to implement or maintain the following business practices for the benefit of the Injunctive Relief Class:

a. PayPal will disclose its use of fraud and risk modeling in the PayPal User Agreement, which governs the types of accounts and conduct at issue in the Action, and which is available on the PayPal website.

b. PayPal will not respond to requests for information with an email advising users that they must seek a subpoena to obtain information and will revise its email response to advise users to communicate with PayPal to seek additional information. This advice is not intended to imply that PayPal is obligated to provide, or that users are entitled to or will receive, any additional information.

c. PayPal will revise the PayPal User Agreement to more clearly distinguish among “holds,” “reserves” and “limitations,” as those terms are used by PayPal, including in the PayPal User Agreement.

d. PayPal will enhance the disclosures on its website by including a list of Frequently Asked Questions (FAQ) providing users with greater detail on holds, reserves and limitations.

e. In response to calls to customer service, PayPal will disclose the reason for a hold, reserve or limitation to the extent not inconsistent with PayPal’s security requirements, which will be determined at PayPal’s sole discretion. If PayPal is unable to inform a user of the reason for a hold,

reserve or limitation due to security requirements, it will inform the user that it cannot tell the user the reason due to security requirements.

Additionally, PayPal has agreed to pay \$3,200,000 into a Settlement Fund, with an additional \$800,000 potentially available for the benefit of certain Claims Class Members. The Settlement Fund will be used to pay: (1) class notice and settlement administration costs; (2) attorneys' fees and costs to Class Counsel; (3) service awards to plaintiffs; (4) attorneys' fees and costs to Fernando Counsel; and (5) timely and valid Basic Claims submitted by Claims Class Members, as described below. If \$200,000 or more remains in the Settlement Fund after all of the forgoing are paid, then up to \$200,000 may be used to pay valid and timely Alternate Claims. Any amounts remaining in the Settlement Fund after all of the forgoing are paid will be donated to the Electronic Frontier Foundation.

8. How much will my payment be?

If you are a Claims Class Member and elect to make a Basic Claim, payment will be determined based on the dollar amount of the longest hold or reserve on your account and how many Claims Class Members send in valid claims. Basic Claim amounts are estimated to range between \$3.00 and \$440.00, depending on the length and amount of the hold or reserve, based on the following grid:

Length of Hold/Reserve	Hold/Reserve under \$1,000	Hold/Reserve \$1,000 to \$10,000	Hold/Reserve over \$10,000
1-30 days	\$ 3.00	\$ 3.00	\$ 36.00
31-90 days	\$ 3.00	\$ 5.00	\$150.00
91-150 days	\$ 3.00	\$10.00	\$100.00
Over 150 days	\$14.00	\$25.00	\$440.00

If you are a Claims Class Member and instead elect to make an Alternate Claim, you may seek a payment based on your actual damages, which will be determined by a neutral third party selected by the Court based upon documentation submitted by you and PayPal. No payment or Alternate Claims will exceed \$2,000. If an Alternate Claim is denied by the neutral third party, it will be treated as a Basic Claim.

HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM

9. How can I get a payment?

To qualify for payment, you must be a member of the Claims Class. To receive a payment, you must submit a Claim Form through the Settlement Website, www.accountholdsettlement.com. Read the instructions carefully and fill out the Claim Form completely. The last day to submit Claim Forms is October 14, 2016.

10. When would I get my payment?

The Court will hold a hearing on December 14, 2016 to decide whether to approve the Settlement. If the Court approves the Settlement, there may be appeals after that. It's always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. If there is an appeal, this information will be posted on the Settlement Website, www.accountholdsettlement.com.

11. What am I giving up to get a payment or stay in the Class?

If you are a Claims Class Member, unless you exclude yourself, you are staying in the Claims Class, and that means that you can't sue, continue to sue, or be part of any other lawsuit about the legal issues released in the Settlement Agreement. It also means that all of the Court's orders will apply to you and legally bind you.

The Settlement provides for a release of Released Claims, defined as follows:

"Released Claims" means and refers to any and all rights, duties, obligations, claims, actions, causes of action or liabilities, whether arising under local, state or federal law (including, without limitation, California's Unfair Competition Law, Cal. Bus. & Prof. Code § 17200 et seq., California's Consumers Legal Remedies Act, Cal. Civ. Code § 1750 et seq., the Electronic Fund Transfer Act, 15 U.S.C. § 1693 et seq. (the "EFTA"), and 12 C.F.R. pt. 1005 ("Regulation E"), whether by constitution, statute, contract, common law or equity, whether known or unknown, suspected or unsuspected, asserted or unasserted, foreseen or unforeseen, actual or contingent, liquidated or unliquidated and which has been or could be asserted in an individual, class, private attorney-general, representative, parens patriae or any other capacity: (a) that relate to the placing of holds or reserves or any other limitations on PayPal transactions or accounts, or the closing, suspending or limiting of PayPal accounts, including without limitation any disclosure or non-disclosure with respect thereto; (b) that relate to the payment or failure to pay interest on funds subject to a hold, reserve or limitation, including without limitation any disclosure or non-disclosure with respect thereto; or (c) that relate to Defendants' obligations under the EFTA and/or Regulation E. Notwithstanding the foregoing, "Released Claims" shall not include any claim for monetary relief, other than a claim for statutory damages under the EFTA and/or Regulation E, by an Injunctive Relief Class Member who is not also a Claims Class Member or who timely opts out of the Claims Class.

"Released Parties" means and refers to Defendants and each and all of their respective present, former and future direct and indirect parent companies, affiliates, subsidiaries, agents, successors and predecessors-in-interest, and all of the aforementioned's prior, current and future respective officers, directors, employees, attorneys, shareholders, agents, independent contractors, vendors and assigns.

Plaintiffs and each Settlement Class Member, and each of their respective heirs, executors, administrators, representatives, agents, attorneys, partners, successors, predecessors-in-interest and assigns, and all persons acting for or on their behalf, will be deemed to have fully released and forever discharged the Released Parties from the Released Claims. Without limiting the foregoing, the Released Claims specifically extend to claims that Settlement Class Members do not know or suspect to exist in their favor at the time that the Settlement, and the releases contained herein, becomes Effective. This paragraph constitutes a waiver of any laws that would limit this release, including, without limitation, section 1542 of the California Civil Code, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Plaintiffs understand and acknowledge, and each Settlement Class Member who is not excluded from the Settlement shall be deemed to understand and acknowledge, the significance of these waivers of California Civil Code section 1542 and/or of any other applicable law relating to limitations on releases. In connection with such waivers and relinquishment, Plaintiffs acknowledge, and all Settlement Class Members who are not excluded from the Settlement shall be deemed to acknowledge, that they are aware that they may hereafter discover facts in addition to, or different from, those facts which they now know or believe to be true with respect to the subject matter of the Settlement, but that it is their intention to release fully, finally and forever all Released Claims, and in furtherance of such intention, the release of the Released Claims will be and remain in effect notwithstanding the discovery or existence of any such additional or different facts.

12. What if all of the Settlement Fund is not spent?

The Settlement Agreement provides for proration of settlement payments depending on the number of Claims submitted. If money remains in the Settlement Fund after all amounts are paid, including all timely and valid claims, that remaining amount will be donated to the Electronic Frontier Foundation.

EXCLUDING YOURSELF FROM THE SETTLEMENT

Only Claims Class Members may exclude themselves, and they may only exclude themselves from the Claims Class. If you are a Claims Class Member and you don't want a payment from this Settlement, but you want to keep the right to sue or continue to sue Defendants for monetary relief, you must exclude yourself—which is sometimes referred to as “opting out.” Injunctive Relief Class Members may not exclude themselves from the Settlement.

13. How do I get out of the Settlement?

If you are a Claims Class Member, to exclude yourself from the Claims Class, you must send a personally signed letter by October 14, 2016 containing the following information: (i) your name, address and telephone number; (ii) the primary e-mail address associated with your PayPal account(s); and (iii) the following statement: “I request to be excluded from the Claims Class in Zepeda v. PayPal, Northern District of California Case No. 10-cv-02500 SBA.” **You must mail your exclusion request postmarked no later than October 14, 2016 to:**

Zepeda v. PayPal Settlement Administrator
P.O. Box 4259
Portland, OR 97208-4259

If you ask to be excluded, you will not get any settlement payment, but you will still be bound by the releases provided to Defendants by the Injunctive Relief Class. However, you may be able to sue (or continue to sue) PayPal in the future for monetary relief.

If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself to continue your own lawsuit for monetary relief.

14. If I exclude myself, can I get money from this Settlement?

No. If you exclude yourself, do not submit a Claim Form to ask for any money.

THE LAWYERS REPRESENTING YOU

15. Do I have a lawyer in this case?

The Court has approved the following attorneys to represent you and other Settlement Class Members in this action: Quantum Legal LLC; Lexington Law Group; Farmer, Jaffe, Weissing, Edwards, Fistos & Lehrman, P.L.; and Seeger Weiss LLP. These lawyers are called Class Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

16. How will the lawyers be paid?

Class Counsel will ask the Court to approve payment of up to \$940,000 for attorneys' fees and expenses and payment of up to \$2,500 to each of the named class representatives for their services, for a total of up to \$960,000. The fees would pay Class Counsel and other attorneys for investigating the facts, litigating the case and negotiating the Settlement. The Court may award less than these amounts. Any payments will come from the Settlement Fund of \$3,200,000.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you don't agree with the Settlement or some part of it.

17. How do I tell the Court that I don't like the Settlement?

If you're either an Injunctive Relief Class Member or a Claims Class Member, you can ask the Court to deny approval by filing an objection. You can't ask the Court to order a larger settlement; the Court can only approve or deny the Settlement agreed to by the parties. If the Court denies approval, no settlement payments will be sent out and PayPal will be under no obligation to implement or maintain the specified business practices and the lawsuit will continue. If that is what you want to happen, you must object.

You may object to the proposed Settlement in writing. You may also appear at the Final Approval Hearing, either in person or through your own attorney. If you appear through your own attorney, you are responsible for paying that attorney. All objections must be in writing and must: (i) clearly identify the case name and number (Zepeda v. PayPal, Case Number 10-cv-02500-SBA); (ii) be submitted to the Court either by mailing them to the Class Action Clerk, United States District Court for the Northern District of California, 1301 Clay Street, Oakland, CA 94612, or by filing them in person at any location of the United States District Court for the Northern District of California; (iii) be filed and/or postmarked on or before October 14, 2016; (iv) include your name, address and telephone number; (v) include an e-mail address associated with your PayPal account(s); (vi) include a sentence confirming, under penalty of perjury, that you are a Settlement Class Member; (vii) identify the factual basis and legal grounds for the objection to the Settlement; (viii) identify any witnesses whom you may call to testify at the Final Approval Hearing; and (ix) include copies of any exhibits you intend to offer into evidence at the Final Approval Hearing. By submitting an objection, you agree to sit for a deposition in your county or other agreed location.

18. What's the difference between objecting and excluding?

Objecting is simply telling the Court that you don't like something about the Settlement. Excluding yourself is telling the Court that you don't want to be part of the Settlement. Both Injunctive Relief and Claims Class Members may object. Only Claims Class Members may exclude themselves from the Claims Class and, if they do, may not object to that portion of the Settlement.

THE COURT'S FINAL APPROVAL HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you don't have to.

19. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Final Approval Hearing on December 14, 2016 at 1:00 PM PT at the United States District Court for Northern District of California, 1301 Clay Street, Oakland, CA 94612, courtroom 1. At this hearing the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are timely and complete objections, the Court will consider them. The Court may also decide how much to pay to Class Counsel. After the hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take.

20. Do I have to come to the hearing?

No. Class Counsel will answer questions the Court may have. But, you may come at your own expense. If you send an objection, you don't have to come to Court to talk about it. As long as you mailed your written objection on time and included all required information, the Court will consider it. You may also pay your own lawyer to attend, but it's not necessary.

21. May I speak at the hearing?

You may ask the Court for permission to speak at the Final Approval Hearing. To do so, you must send a letter with your objection stating that it is your intention to appear at the hearing. Be sure to include your name, address, telephone number and signature. Your notice of intention to appear must be postmarked no later than October 14, 2016, and be sent to the Clerk of the Court at the address in question 17. You cannot speak at the hearing if you excluded yourself.

IF YOU DO NOTHING

22. What happens if I do nothing at all?

If you do nothing, you'll get no money from this Settlement but will still receive the benefit of the business practices listed in the answer to Question 7. But, unless you exclude yourself from the Claims Class, you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants about the monetary claims released in this Settlement, ever again.

GETTING MORE INFORMATION

23. Are there more details about the settlement?

This notice summarizes the proposed Settlement. For the precise terms and conditions of the Settlement, please see the Settlement Agreement available at www.accountholdsettlement.com or by visiting the office of the Clerk of the Court for the United States District Court for the Northern District of California, 1301 Clay Street, Oakland, CA 94612, between 9:00 a.m. and 4:00 p.m., Monday through Friday, excluding Court holidays.

PLEASE DO NOT TELEPHONE THE COURT OR THE COURT CLERK'S OFFICE TO INQUIRE ABOUT THIS SETTLEMENT OR THE CLAIM PROCESS.