

UNITED STATES DISTRICT COURT, NORTHERN DISTRICT OF CALIFORNIA

Knapp v. Art.com, Inc., Case No. 16-CV-00768-WHO

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

If you purchased any product from Art.com, Inc. through the e-commerce websites www.art.com, www.posters.com, and/or www.allposters.com, pursuant to a sale by entering a coupon code, and your product was shipped to an address in the United States at any time between February 12, 2012 and June 9, 2016, the settlement of this class action lawsuit will affect your rights.

Your rights and options – and the deadlines to exercise them – are explained in this Notice. It is important that you read this entire notice carefully. As a brief summary, **YOUR OPTIONS AND LEGAL CONSEQUENCES ARE AS FOLLOWS:**

YOUR LEGAL RIGHTS AND OPTIONS IN THIS LAWSUIT:	
DO NOTHING	You will receive a Voucher. You will also be releasing and waiving certain claims against Art.com.
ASK TO BE EXCLUDED	You will not receive a Voucher from the settlement, but you will retain certain rights.
FILE AN OBJECTION	Write to the Court about why you do not agree with the settlement. The Court may or may not agree with your objection.

1. Why did I get this notice package?

Art.com's records show that you are a Class Member in this case. Thus, you have received this Class Action Settlement Notice ("Notice") regarding settlement of a case that will affect you.

This Notice summarizes the lawsuit, the settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them. If the Court approves the settlement, and after objections and appeals are resolved, a third-party Settlement Administrator appointed by the Court will administer the settlement.

2. What is this lawsuit about?

The case is entitled *Knapp v. Art.com, Inc.*, Case No. 16-cv-00768-WHO. U.S. District Judge William H. Orrick is presiding over this case. The party who brought the lawsuit is called the Plaintiff (in this case, James Knapp), and the party that he sued is called the Defendant (in this case, Art.com).

The lawsuit alleges that Art.com engaged in deceptive price comparison and false sales advertising by selling products continuously "on sale" such that the "sale" prices were not bona fide sales, in violation of consumer protection laws. Art.com denies that it engaged in any unfair business practice and denies that Plaintiff or other consumers have been harmed in any way.

3. Why is this a class action?

In a class action, one or more persons, called “class representatives,” sue on behalf of persons who have similar claims. All of these people are considered to be a “class” or “class members,” except those who exclude themselves from the class.

4. Why is there a settlement?

The Court did not decide in favor of Plaintiff or Defendant. Based on their own independent investigations and evaluations and considering the claims of Plaintiff and the average Class Member’s claims, and the risk of loss, Class Counsel believes that the settlement is fair, reasonable, and adequate in light of all known facts and circumstances and is in the best interests of the Class. Class Counsel has weighed the benefits under the settlement to the Class against the expenses and length of continued proceedings that would be necessary to prosecute this lawsuit against Defendant through class certification, trial and possible appeals. Class Counsel has also taken into account the uncertain outcome and risk of any litigation, especially in complex actions such as class actions, as well as the difficulties and delay inherent in such litigation. Therefore, Class Counsel has determined that this settlement is in the best interests of the Class. Defendant also has agreed to this settlement based on the uncertainty and risks inherent in any litigation.

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

To receive a Voucher from this settlement, you must be a Class Member. “Class Members” all persons, who between February 12, 2012 to June 9, 2016, purchased any product from Art.com through the e-commerce websites www.art.com, www.posters.com, and/or www.allposters.com, pursuant to a sale by entering a coupon code, and whose product was shipped to an address in the United States.

6. What does the settlement provide?

Each Class Member will receive a Voucher of \$10.00 that can be used towards the purchase of any product from Art.com at any of the e-commerce websites www.art.com, www.posters.com, and/or www.allposters.com.

7. Tell me more about the Voucher?

- Vouchers can be used towards the purchase of any product at any of the e-commerce websites www.art.com, www.posters.com, and/or www.allposters.com.
- Vouchers are valid for eighteen (18) months after Vouchers are first issued.
- Only one Voucher may be used in a single transaction. Each Voucher may be used multiple times until the balance of the Voucher is extinguished.
- Vouchers are transferrable in that they may be transferred to other persons, including other Class Members or non-Class Members.
- Vouchers are not redeemable for cash.
- Vouchers are not gift cards or gift certificates under California law or otherwise and cannot be used to purchase gift cards.
- Vouchers are not valid for prior purchases.
- Vouchers may be used on sale and/or promotional items and can be used for shipping and tax in an amount not to exceed the Voucher amount.

8. How can I get a Voucher?

You will automatically receive a Voucher, unless you file an objection or opt-out of the settlement.

9. When will I receive the Voucher?

Vouchers will be distributed to Class Members after the Court grants final approval of the Settlement and after any appeals are resolved. Please be patient.

10. What rights do I give up if I participate or do nothing?

Unless you exclude yourself, you will remain a Releasing Settlement Class Member, and that means that you will be unable to sue, or to continue to sue, or be part of any other lawsuit about the legal issues raised or could have been raised in *this* case. It also means that all of the Court's orders will apply to you and legally bind you. Unless you exclude yourself, you will agree to the "Released Rights and Claims," which, as described below, details the types of legal claims that you will give up if you do not exclude yourself.

11. What are the released claims?

Released Claims means that all Class Members who do not exclude themselves from the Settlement shall and hereby do release, acquit, and forever discharge Art.com of and from any and all claims that are currently known, anticipated, or disclosed and all claims that are presently unknown, unanticipated, or undisclosed arising out of the alleged facts, circumstances, and occurrences underlying: (i) the claims set forth in the lawsuit; or (ii) Art.com's conduct with respect to or giving rise to the lawsuit. Class Members who receive Vouchers acknowledge that the facts could be different than they now know or suspect to be the case, but they are nonetheless releasing all such unknown claims. In exchange for the good and valuable consideration set forth herein, all such Class Members further waive any and all rights or benefits that they as individuals or the class may now have as a result of the alleged facts, circumstances, and occurrences underlying the claims set forth in the Action under the terms of Section 1542 of the California Civil Code (or similar statute in effect in any other jurisdiction), which provides as follows:

"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."

With respect to the matters released herein, Plaintiff and the Releasing Settlement Class Members expressly waive and release any right or benefit which they have or may have under Section 1542 of the Civil Code of the State of California, or other comparable authority in other jurisdictions, to the full extent that they may waive all such rights and benefits pertaining to the matters released herein. In connection with such waiver and relinquishment, Plaintiff and the Releasing Settlement Class Members acknowledge that they are aware that they may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those which they now know or believe to be true, with respect to the matters released herein. The release herein given shall be and remain in effect as a full and complete release of such matters notwithstanding the discovery or existence of any such additional different claims or facts relative to the matters released.

12. How do I exclude myself from the settlement?

If you do not wish to participate in the settlement, you may exclude yourself (in other words, “opt out”) by submitting a written request for exclusion to the Settlement Administrator by no later than **July 21, 2017**. Your written request for exclusion must contain your name, address, and email address, and clearly state that you wish to be excluded from the Settlement. Your written request for exclusion can be submitted to the Settlement Administrator via email at info@knappsettlement.com, or printed and mailed to:

Art.com Class Action
C/O Knapp v Art.com Settlement Administrator
PO Box 58833
Philadelphia, PA 19102-8833

If you submit a timely request for exclusion, then upon its receipt you shall no longer be a member of the Settling Class, you shall be barred from participating in any portion of the settlement, and you shall receive no benefits from the settlement. If you do not submit a complete and timely written request for exclusion, you will be included in the Settling Class, and be bound by the terms of the settlement (including the Released Claims described in section 11 above).

13. How do I object to the settlement?

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. If the Court denies approval, no settlement payments will be sent out and the lawsuit will continue. If that is what you want to happen, you may 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 written objections and supporting papers must (a) clearly identify the case and number (*Knapp v. Art.com, Inc.*, Case Number 4:16-cv-00768-WHO), (b) be submitted to the Court either by mailing them to the Class Action Clerk, United States District Court for the Northern District of California, San Francisco Division, 450 Golden Gate Avenue, San Francisco, California 94107, or by filing them in person at any location of the United States District Court for the Northern District of California, and (c) be filed or postmarked on or before **July 21, 2017**. In addition, any written objection must include: (a) the full name, address, email address, and telephone number of the person objecting; (b) a statement that the person objecting (or for whom the objection is made) is a Class Member; (c) the word “Objection”; (d) the legal and factual arguments supporting the objection; (e) whether the person intends to appear at the Final Settlement Hearing; and (f) the Class Member’s signature, even if represented by counsel.

Class Members who fail to make objections in the manner stated herein will be deemed to have waived any objections and will be foreclosed from making any objections (whether by appeal or any other process) to the settlement.

14. What is the difference between objecting and excluding myself?

Objecting is telling the Court that you do not like something about the proposed settlement. Excluding yourself is telling the Court that you do not want to be part of the Class in this settlement. If you exclude yourself, you have no basis to object or file a claim because the settlement no longer applies to you. Likewise, you cannot object to the settlement if you exclude yourself from the Settlement Class.

15. What happens if I do not do anything?

If you do nothing, and if the Court approves the settlement, you will receive a Voucher and you will be bound by the Settlement Agreement and the Released Claims. This means, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Art.com about the issues resolved by this settlement and released by the Settlement Agreement.

16. Do I have a lawyer in this case?

Yes. The Court has appointed Schneider Wallace Cottrell Konecky & Wotkyns LLP and the Wand Law Firm to represent you and all Class Members as “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. If you have questions, you may contact the lawyers in this case at the information provided below:

Class Counsel

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Email: MKeshavarzi@sheppardmullin.com

17. How will the lawyers get paid?

Class Counsel will ask the Court to award them up to \$745,000 for attorneys’ fees and costs. If approved, these amounts, as well as an award of up to \$5,000 to the Class Representative, will be paid. Class Counsel’s motion for Attorneys’ Fees and Costs, along with other documents, will be available for viewing on the settlement website at www.knappsettlement.com and can also be accessed through PACER.

18. When is the final approval hearing?

The Court will hold the Final Approval Hearing, at which the Court will be asked to approve the settlement, on August 9, 2017 at 2:00 p.m. in Courtroom 2 of the United States District Court for the Northern District of California, 450 Golden Gate Avenue, San Francisco, CA 94102, to determine whether the settlement is fair, reasonable, and adequate; and if there are objections, the Court will consider them. The Court will also be asked to approve Class Counsel’s request for attorneys’ fees and costs and the class representative enhancement award.

The hearing may be continued without further notice to Class Members. Any change to the hearing date and/or time will be posted on the website for this settlement and through PACER. It is not necessary for you to appear at this hearing unless you have timely filed an objection or notice of intention to appear with the Court.

19. How do I get additional information?

This notice summarizes the proposed settlement. For the precise terms and conditions of the settlement, please see the settlement agreement available at www.knappsettlement.com, by contacting class counsel Jason H. Kim at 415-421-7100 (jkim@schneiderwallace.com), by accessing the Court docket in this case through the Court’s Public Access to Court Electronic Records (PACER) system at <https://ecf.cand.uscourts.gov>, or by visiting the office of the Clerk of the Court for the United States District Court for the Northern District of California, 450 Golden Gate Avenue, San Francisco, California 94102, 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 THE SETTLEMENT