

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF NORTH CAROLINA  
CHARLOTTE DIVISION  
CIVIL ACTION NO. 3:14-CV-577-RJC-DCK**

US AIRLINE PILOTS ASSOCIATION, )  
)  
Plaintiff, )  
)  
v. )  
)  
ROGER VELEZ, and LEONIDAS, LLC, )  
)  
Defendants. )  
)  
\_\_\_\_\_ )

**SETTLEMENT AGREEMENT AND RELEASE**

This SETTLEMENT AGREEMENT AND RELEASE is entered into by and between the Parties, as defined below.

**DEFINITIONS**

A. “Parties” means the US Airline Pilots Association (“USAPA”), and its current and former officers, directors, and employees, including, but not limited to, Gary Hummel, Stephen Bradford, Rob Streble, Steve Smyser, Courtney Borman, John Taylor, Joe Stein, Pete Dugstad, Jay Milkey, Stephen Nathan, John Owens, Robert Frear, Ronald Nelson, Paul Diorio, and Paul Music; and Eddie Bollmeier, Bill Tracey, Simon Parrott, Roger Velez, and Leonidas, LLC, and its current and former officers, directors, and members.

B. “North Carolina Litigation” collectively refers to *USAPA v. Velez, et al.*, 3:14-cv-00577-RJC-DCK (“USAPA DJ Action”), *Bollmeier v. Hummel, et al.*, 3:15-cv-00111 (“LMRDA action I”), and *Bollmeier v. Frear, et al.*, 3:15-cv-00480 (“LMRDA action II”).

C. “Arizona Litigation” collectively refers to *Addington v. USAPA, et al.*, 2:08-cv-01633-NVW (“*Addington I*”), *US Airways v. Addington, et al.*, 2:10-cv-01570-ROS (“*Addington II*”), and *Addington v. USAPA, et al.*, 2:13-CV-00471-ROS (“*Addington III*”).

D. “East Pilot Settlement Class” means all pilots who were employed by US Airlines/American Airlines as of September 16, 2014 and who were listed on the US Airways East Pilot Seniority List.

E. “West Pilot Settlement Class” means all pilots who were employed by US Airlines/American Airlines as of September 16, 2014 and who were listed on the US Airways West Pilot Seniority List.

F. “Settlement Classes” means the East Pilot Settlement Class and the West Pilot Settlement Class.

G. “Released Parties” means the Parties, the East Pilot Settlement Class, and the West Pilot Settlement Class.

H. “MOS” means the Memorandum of Settlement dated February 5, 2016.

## SETTLEMENT AGREEMENT

1. To help effectuate the terms and conditions of this Settlement Agreement, two settlement classes will be created. The “East Pilot Settlement Class” is defined as “All pilots who were employed by US Airlines/American Airlines as of September 16, 2014 and who were listed on the US Airways East Pilot Seniority List.” The representatives for the East Pilot Settlement Class will be John Owens, Bob Burdick and Mark King. The West Pilot Settlement Class is defined as “All pilots who were employed by US Airlines/American Airlines as of September 16, 2014 and who were listed on the US Airways West Pilot Seniority List.” The representatives for the West Pilot Settlement Class will be Eddie Bollmeier, Bill Tracey and Simon Parrott.

2. Upon entry of the Final Order approving this Settlement Agreement, USAPA shall wire payment of \$5.5 million to the ASU Alumni Law Group trust account, representing full and final consideration in settlement of the USAPA DJ Action, LMRDA action I, LMRDA action II, and the claim for attorneys’ fees in *Addington I, II, and III*.

3. Upon entry of the Final Order approving this Settlement Agreement, and after the \$5.5 million payment provided for herein has been made, West Pilot Settlement Class members will no longer be considered members of USAPA for any purpose. In addition, each member of the West Pilot Settlement Class will be deemed to disclaim any and all interest the member might have in USAPA treasury funds and shall be deemed to waive any and all rights the member might have to the distribution of such funds, including under the dissolution provisions of the USAPA Constitution and Bylaws (Article I, Section 3, subdiv. A) and the merger dues increase provision (Article II, Section 5, subdiv. F).

4. Upon entry of the Final Order approving this Settlement Agreement, and after the \$5.5 million payment provided for herein has been made, (a) the *Addington III* plaintiffs will provide notice to the Arizona District Court of said payment and the West Pilots’ application for attorneys’ fees for the Arizona Litigation will be dismissed with prejudice, and (b) all Parties in the North Carolina Litigation will dismiss all claims, counterclaims, and third-party claims with prejudice, except that the terms of the preliminary injunction relating to certain activities of USAPA as described in paragraph 8 below shall become permanent by consent of the Parties and will be included in the Final Order the Parties will ask the Court to enter.

5. USAPA represents and warrants that it had and has the legal right and authority under its Constitution and Bylaws to enter into the MOS and this Settlement Agreement.

6. Upon entry of the Final Order approving this Settlement Agreement, USAPA Officers, past and present, and Board of Pilot Representatives (“BPR”) members, past and present, agree to waive, relinquish and forego any and all claims and/or potential claims against USAPA for indemnification under the USAPA Constitution and Bylaws, except that this release is not effective and does not apply to the named defendants in LMRDA action I and LMRDA action II until USAPA has fully reimbursed the attorneys’ fees and expenses incurred by the named defendants in LMRDA action I and LMRDA action II. As to all other USAPA Officers, past and present, and BPR members, past and present, the release is effective upon entry of the Final Order.

7. Upon entry of the Final Order approving this Settlement Agreement, and after the payment provided in paragraph 2 above has been made, USAPA will retain exclusive control over all funds remaining in the USAPA treasury and, in its discretion, may use the remaining funds to, *inter alia*, (1) wind up the business affairs of USAPA, as it sees fit, and for which it has the exclusive obligation to complete; (2) ensure that all USAPA debts and liabilities are satisfied and/or set aside; (3) take action against USAPA’s insurer (AIG) with respect to any prior denial of insurance coverage and defense of claims against USAPA, including but not limited to *Karas v. Allied Pilots Association, et al.*, 3:16-cv-00168-TJM-DEP; (4) reimburse attorneys’ fees and expenses incurred by any USAPA officer or BPR member named as a defendant in LMRDA action I and LMRDA action II; (5) pay any previously incurred expenses, including for USAPA’s counsel in the North Carolina Litigation and the Arizona Litigation; and (6) make disbursements to East Pilot Settlement Class members according to the USAPA Constitution and Bylaws. As part of the Settlement Agreement, each member of the East Pilot Settlement Class will be deemed to waive any and all rights the member might have to the \$5.5 million settlement payment provided for in paragraph 2 above.

8. The Parties shall consent to and request the Court make permanent, for a period of three years from the date of entry of the Final Order approving this Settlement Agreement, the portion of the preliminary injunction entered on August 27, 2015 enjoining USAPA and any officers, servants, employees, and attorneys, and anyone in active concert or participation therewith from causing, permitting, or directing USAPA to spend any USAPA funds for any seniority-related matter or seniority-list-related matter, except as provided in paragraph 7 above.

9. All parties to the North Carolina Litigation and the Arizona Litigation will be responsible for their own costs and expenses, except as provided in paragraph 7 above.

10. The Parties understand and agree that this Settlement Agreement embodies a compromise and settlement of disputed claims, and that nothing in this Settlement Agreement, including the furnishing of consideration for this Settlement Agreement, shall be deemed to constitute any finding of wrongdoing by any of the Released Parties, or give rise to any inference of wrongdoing or admission of wrongdoing or liability in this or any other proceeding. This Settlement Agreement and the payment made hereunder are made in compromise of disputed claims and are not admissions of any liability of any kind, whether legal or factual. Moreover, the Released Parties specifically deny any such liability or wrongdoing.

11. The Court shall retain jurisdiction over all Parties to resolve any dispute that may arise regarding this Settlement Agreement, including any dispute regarding the validity,

performance, interpretation, administration, enforcement, or enforceability of the Settlement Agreement.

12. This Settlement Agreement may be executed by exchange of emailed or faxed executed hand-written signature pages, and any hand-written signature transmitted by email or facsimile for the purpose of executing this Settlement Agreement shall be deemed an original signature for purposes of this Settlement Agreement. This Settlement Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same instrument.

13. Upon approval by the Court of the Notice of Settlement Agreement and Fairness Hearing (the “Notice”), Class Counsel for the Settlement Classes shall arrange for the delivery of the Notice, Settlement Agreement and Release, preliminary Order, and the MOS to all members of the Settlement Classes to their last-known addresses by regular first-class mail. The above documents shall also be delivered by e-mail to those Class Members for whom Class Counsel has or has access to the e-mail addresses, and to the e-mail addresses of Class Members maintained by the Allied Pilots Association. The above documents shall also be posted on the public portion of the USAPA and Leonidas websites.

#### **MUTUAL GENERAL RELEASE AND COVENANT NOT TO SUE**

14. The Parties as defined herein, and each and every member of the East Pilot Settlement Class and the West Pilot Settlement Class, individually and as Settlement Classes, for themselves, and their representatives, heirs, successors, and assigns, in consideration of the relief set forth in the Settlement Agreement, hereby fully and finally waive, release, remise, acquit, and forever discharge all of the other Parties and all other members of the East Pilot Settlement Class and the West Pilot Settlement Class, and the Settlement Classes, with respect to any and all past or present claims, debts, demands, causes of action, losses, obligations, costs, fees, interest, attorneys’ fees, expenses, damages, and injuries and liabilities of whatever kind or nature, in law, equity or otherwise, whether known or unknown, suspected or unsuspected, which the Parties or the members of the East Pilot Settlement Class and West Pilot Settlement Class ever had, now have or may have up through the entry of the Final Order approving this Settlement Agreement (collectively, the “Released Claims”).

15. The Released Claims include specifically but not exclusively, all of the following known and unknown claims:

a. Any claim that could arise under or be based on common (including civil tort) law and/or state, federal, or local statutes or ordinances or related regulations or doctrines (including any revisions or amendments), including but not limited to, any and all rights or claims under, based on, or related to the Labor Management Reporting and Disclosure Act, the Railway Labor Act, the National Labor Relations Act, the Labor Management Relations Act, and any other federal, state or local law, without limitation or exception;

b. Any tort claim, including but not limited to claims for battery, assault, fraud, conspiracy, breach of the duty of fair representation, intentional or negligent infliction of emotional

distress, breach of fiduciary duty, fraud and deceit, negligent misrepresentation, defamation, libel, slander, invasion of privacy, disclosure or misuse of private facts, bad faith denial of contract, and tortious interference with contract, contractual relations and/or prospective business interests;

c. Any and all claims or rights (past, present, future, or executory) arising out of or in any way related to any express, implied, oral, or written contract, union constitution and bylaws, or collective bargaining agreement or any alleged breach thereof, or other tort, contract, or statutory claims of any kind;

d. All claims against USAPA, and/or any past or present officer, BPR member, agent, or employee of USAPA in his/her individual and/or official capacity, in any way related to the McCaskill-Bond seniority list integration (“SLI”) process arising from the merger of US Airways with America West Airlines and/or the merger of US Airways with American Airlines;

e. Any claim for disgorgement, penalties (statutory or otherwise), interest, exemplary or punitive damages, or attorneys’ fees (including by way of common benefit or other basis for recovery);

f. Any claim arising out of or in any way connected with any past, present, or future loss, damage or injury whatsoever, known or unknown, suspected or unsuspected, resulting from any act, event, condition, or omission occurring or existing at or before the entry of the Final Order approving this Settlement Agreement.

g. All claims, counterclaims, and third-party claims in the North Carolina Litigation and Arizona Litigation.

16. Notwithstanding paragraph 15 above, the Released Claims do not include the claims in *Karas v. Allied Pilots Association, et al.*, 3:16-cv-00168-TJM-DEP, pending in the U.S. District Court for the Northern District of New York.

17. The release of claims by the USAPA Officers and BPR members for indemnification by USAPA is subject to paragraph 6 above.

18. The Parties and each and every member of the East Pilot Settlement Class and the West Pilot Settlement Class intend this Release to be broadly interpreted, construed, and enforced as such, and to settle all disputes and matters, without limitation of any kind or nature, and whether known or unknown.

19. The Parties and each and every member of the East Pilot Settlement Class and the West Pilot Settlement Class, and the Settlement Classes, shall be deemed to have promised and agreed that they shall not, at any time, institute, cause to be instituted, assist in instituting, or permit to be instituted on their behalf any proceeding in any state or federal court, in or before any regulatory body or administrative agency, or any other proceeding, or otherwise allege or assert any of the Released Claims against any of the Released Parties.

Dated: April 11, 2016

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