

NOTICE OF PROPOSED SETTLEMENT

SUPREME COURT OF VICTORIA

TeleChoice Class Action

Alsel Group Pty Ltd & others v Business Service Brokers Pty Ltd & others
S ECI 2018 01963

THIS NOTICE IS IMPORTANT
PLEASE READ IT CAREFULLY AS IT MAY AFFECT YOUR LEGAL RIGHTS

1. WHAT IS THIS NOTICE?

- 1.1. The parties to the TeleChoice Class Action (**Class Action**) have agreed to resolve the case without a trial. This is called a ‘settlement’. The settlement will only take effect if it is approved by the Court.
- 1.2. The Supreme Court of Victoria has ordered that this notice be sent to all Group Members, and you have been identified as a Group Member. The purpose of this notice is to explain the proposed settlement (further details at paragraph 4 below), how the proposed settlement terms apply to Group Members generally, and what options you can take in relation to the proposed settlement including if you wish to **object** to the proposed settlement.
- 1.3. If there is anything in this notice which you do not understand, you should contact Marshalls Dent Wilmoth Lawyers (**MDW**) whose contact details are at page 5 paragraph 8.1 of this notice, or alternatively you should seek your own legal advice.
Please do not contact the Court with any enquiries regarding this notice.

2. THE CLASS ACTION

- 2.1. The Class Action has been commenced by Alsel Group Pty Ltd, Tele World Group Pty Ltd and Ali Selek (collectively, **Plaintiffs**) on their own behalf and on behalf of all persons who are “Group Members” as defined in the Class Action (see paragraph 3 of this notice). The Class Action was filed in the Supreme Court of Victoria against Business Service Brokers Pty Ltd (t/as TeleChoice) (**TeleChoice**), Ehab Abdou and Paul Reeves (collectively, **Defendants**). The Plaintiffs are legally represented by MDW. The Defendants are legally represented by Danaher Moulton lawyers.
- 2.2. The Plaintiffs allege in the statement of claim, among other things, that:
 - (a) TeleChoice, as franchisor, misled and deceived them about the duration and renewal of their 2007 and 2009 franchise agreements, and about how commissions and licence fees would be calculated, inducing them to enter into

the franchise arrangements and to incur substantial setup and trading costs;

- (b) TeleChoice breached express and implied terms of the franchise and premises licence agreements, including by replacing its Optus Premium Dealership with a Telstra reseller (New World) whose products and commissions were not similar or comparable, and by failing to pay rent whilst still deducting licence fees from the Plaintiff's trading accounts;
- (c) TeleChoice engaged in unconscionable conduct by claiming and retaining for itself commissions pursued in the TeleChoice v Optus litigation that it ought partly to have paid to the franchisees. The Plaintiffs allege that TeleChoice received these amounts from Optus in November 2023 as part of a sum of \$5 million in settlement of the litigation, but TeleChoice has used all of that settlement towards payments of its legal costs and disbursements, such that there are no moneys available to the Group Members from that settlement. The Plaintiffs contend that TeleChoice owed fiduciary duties to account for and hold those commissions on trust, and to indemnify the franchisees for related claims; and
- (d) TeleChoice's directors (second and third defendants) were knowingly involved in the misleading conduct under trade practices and consumer law, and that, because of TeleChoice's breaches, the third plaintiff's personal guarantees under the franchise deeds should be declared unenforceable.

2.3 The Plaintiffs claim against the Defendants:

- (a) damages for breach of contract;
- (b) damages pursuant to section 82 of the *Trade Practices Act* 1974 (Cth) (**TPA**) or section 236 the Schedule 2 of the *Competition and Consumer Act* 2010 (Cth) referred to as the Australian Consumer Law (**ACL**);
- (c) compensation pursuant to section 87 of the TPA or section 237 of the ACL;
- (d) further or alternatively, equitable compensation;
- (e) declaration seeking payment of a portion of sums received by TeleChoice for commissions in the TeleChoice v Optus Litigation; and
- (f) damages in respect of tort of inducing breach of contract.

2.4 A copy of the Statement of Claim may be obtained from MDW, by email to: adiblas@mdlw.com.au

2.5 The Defendants have denied each of the breaches and contraventions alleged by the

Plaintiffs.

3 WHO IS A GROUP MEMBER?

3.1 You are a Group Member if you were a private company that entered into franchise agreements with the First Defendant (including renewals of franchise agreements) either:

- as at 1 January 2006; or
- between 15 August 2008 and 22 October 2012;

3.2 and did not Opt-Out of the proceeding by the Opt-Out deadline, being 4:00pm on 27 February 2026.

4 THE SETTLEMENT

4.1 On 26 June 2026, the parties reached an agreement to settle the Class Action on terms contained in a Deed of Settlement and Release (**Proposed Settlement**). The parties are asking the Supreme Court of Victoria to approve the terms of the Proposed Settlement so that they can take effect.

4.2 The key terms of the Proposed Settlement are:

- (a) The Defendants will pay a sum of \$400,000.00 (**Settlement Sum**) inclusive of the claim, interest, and legal costs to settle the Class Action.
- (b) The Plaintiffs will apply to the Court for approval of the Proposed Settlement, including the quantum of the Settlement Sum. More information about legal costs and disbursements is set out at section 5 below.
- (c) The Proposed Settlement will only take effect if it is approved by the Court. If the Proposed Settlement is not approved by the Court, the Deed containing the Proposed Settlement shall lapse and cease to bind the parties. In such circumstances, the parties agree to meet and negotiate in good faith for a period of 30 days from the date of the Court's decision in an endeavor to reach agreement as to a settlement of their disputes.

Are all Group Members eligible to participate in the Proposed Settlement?

4.3 The Court made orders on 28 January 2026 that only those Group Members who did not opt-out of the proceeding by 4:00pm on 27 February 2026 are eligible to continue being in the proceeding, and thereby participate in the Proposed Settlement.

5 DISTRIBUTION OF THE SETTLEMENT SUM

- 5.1 The Settlement Sum of **\$400,000.00** is inclusive of costs. However, the total legal costs and disbursements (including Counsel's fees) incurred by MDW, on behalf of the Plaintiffs and the Group Members in conducting the proceeding, exceed the Settlement Sum. MDW estimates its legal costs to be approximately \$870,738.68 (inclusive of GST).
- 5.2 This amount is inclusive of:
- (a) the \$696,590.95 in legal costs that MDW says it has incurred to date; and
 - (b) an amount of approximately \$174,147.73 (inclusive of GST), which MDW says reflects an uplift of 25% on the conditional component of the legal costs that it has incurred and is provided for in its conditional costs agreement with each of the Group Members; and
 - (c) in addition, MDW says that at the present time it is not reasonably practicable for MDW to accurately estimate the exact amount of legal costs and disbursements that will be incurred up to the finalisation of the proceeding, including the settlement approval hearing.
- 5.3 Under the Proposed Settlement, the Court will be asked to approve the deduction of these legal costs and disbursements from the Settlement Sum in a reduced amount. In other words, only a portion of MDW's legal costs will be deducted from the Settlement Sum.
- 5.4 The Plaintiffs will seek orders that these reduced legal costs and disbursements be shared on an equitable basis by all the Group Members. This will result in each Group Member sharing an equal portion of these costs and disbursements.
- 5.5 The Plaintiffs and MDW propose that the Court approve the distribution of the Settlement Amount of **\$400,000.00** as follows:
- (a) An amount of **\$70,000.00** (inclusive of GST) be deducted from the Settlement Sum and paid to those Group Members who paid disbursements during the course of the proceeding (including counsel's fees). This will result in each Group Member who has paid disbursements during the course of the proceeding receiving reimbursement for those exact amounts.
 - (b) An amount of **\$50,000.00** (inclusive of GST) be deducted from the Settlement Sum and paid to all Group Members on an equitable basis. This will result in each Group Member receiving an equal portion of this sum in respect of their claims, being

approximately **\$3,846.15** each, on the assumption that there are 13 participating Group Members.

- (c) An amount of approximately **\$50,000.00** (inclusive of GST) be deducted from the Settlement Sum and paid to MDW to reimburse MBW for Counsel's fees incurred of approximately \$21,700.00 (inclusive of GST), and yet to be incurred of approximately \$28,300.00 (inclusive of GST).
- (d) Once the above payments have been made, the balance of approximately **\$230,000.00** inclusive of GST be deducted from the Settlement Sum and paid to MDW in satisfaction of its reduced legal costs and disbursements. This amount does not include any amount for Counsel's fees that are yet to be incurred (these fees are to be accounted for separately: see paragraph [5.5(c)] above). The Court will be asked to approve this amount to be deducted from the Settlement Sum in respect of the legal costs and disbursements incurred by MDW from the commencement and conduct of the proceeding for all work done up to and including the settlement approval hearing.

6 THE PROCESS FOR APPROVAL OF THE SETTLEMENT

- 6.1 The settlement is subject to the approval of the Supreme Court of Victoria. The Court will only approve the Proposed Settlement if it decides that it is fair and reasonable and in the interests of the Group Members as a whole.
- 6.2 In deciding the approval hearing, the Court will receive and consider affidavit material (including any confidential affidavits) from the Plaintiffs' solicitors. The Court will also consider any objections submitted by any of the Group Members. Information about how to object to the Proposed Settlement is at paragraph 7 of this Notice.
- 6.3 The Court is scheduled to hear and determine the application for approval of the Proposed Settlement at **10:30am (AEDT) on 13 November 2026** at the Supreme Court of Victoria at Melbourne, located at 210 William Street, Melbourne, Victoria.

7 WHAT OPTIONS ARE AVAILABLE FOR GROUP MEMBERS?

- 7.1 If you wish to object to the Proposed Settlement, you must complete the Notice of Objection attached at **Annexure A** and send it with evidence (by way of affidavit in support of the objection), and any written submissions (of no more than 2 pages in length), to the Court and MDW by **4:00pm (AEDT) on 23 October 2026**.
- 7.2 If you are a Group Member and you wish to participate in the Proposed Settlement, you do not need to do anything in response to this Notice. If the Proposed Settlement

is approved, MDW will contact you with further information about the settlement distribution process and any actions you may be required to take to receive a distribution from the Settlement Sum.

8 FURTHER INFORMATION

- 8.1 Further information regarding the Proposed Settlement can be obtained by contacting Alex Di Blasi of MDW on (03) 9670 5000 or email: adiblas@mdlaw.com.au.
- 8.2 If there is anything of which you are unsure, you may wish to obtain your own independent legal advice.

ANNEXURE A

NOTICE OF OBJECTION TO PROPOSED SETTLEMENT

SUPREME COURT OF VICTORIA

TeleChoice Class Action

Alsel Group Pty Ltd & ors v Business Service Brokers Pty Ltd & ors (S ECI 2018 01963)

YOU SHOULD COMPLETE THIS NOTICE IF YOU DO NOT WISH THE COURT TO APPROVE THE PROPOSED SETTLEMENT OF THE TELECHOICE CLASS ACTION. THE COURT WILL CONSIDER ALL NOTICES OF OBJECTION RETURNED BY 23 OCTOBER 2026.

YOU CAN OBJECT TO THE PROPOSED SETTLEMENT EVEN IF YOU ALSO WISH TO PARTICIPATE IN THE SETTLEMENT.

YOU ARE UNABLE TO OBJECT TO THE PROPOSED SETTLEMENT IF HAVE OPTED OUT

To:

- Supreme Court of Victoria (telechoiceclassaction@supcourt.vic.gov.au); and
- Marshalls Dent Wilmoth (adiblas@mdlaw.com.au).

The person identified below is a group member in the above proceeding and gives notice that they object to the proposed settlement of the TeleChoice Class Action:

A. DETAILS OF OBJECTOR

Name of Group Member	
Contact name (if different from name of Group Member), and authority to complete this form on Group Member's behalf (e.g. director / secretary of Group Member, lawyer for Group Member)	
Postal address	
Email address	
Telephone number(s)	

B. GROUND(S) OF OBJECTION

The ground(s) for my objection to the proposed settlement are as follows (set out in the space below any submissions you wish to make – you may attach additional pages if necessary):

C. EVIDENCE OR SUBMISSIONS

- ☐ I attach evidence (by way of affidavit) in support of my objection
- ☐ I attach submissions in support of my objection (limited to 2 pages)
- ☐ I do not attach any evidence or submissions in support of my objection, but wish for my objection to be considered based on my submission set out above

(please tick the above options that apply to you)

D. ATTENDANCE AT HEARING ON 13 NOVEMBER 2026:

- ☐ I do intend to appear at the settlement approval hearing
- ☐ I do not intend to appear at the settlement approval hearing, but wish for my submission to be considered in my absence

(please tick one of the above two options)

If you do intend to appear at the settlement approval hearing, please complete the following:

- ☐ I will appear on my own behalf
- ☐ I will be represented by a lawyer (provide details below)

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E. SIGNING OF NOTICE:

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Please sign here

Date: 2026