

Top Business Verdicts and Settlements of 2007

1. \$180 million settlement

Environmental damage; *State of Missouri v. Union Electric Co.*; Reynolds County Circuit Court; Rex Burlison and William Bryan

2. \$65 million settlement

Taxes class action; *City of University City, et al., v. AT&T Wireless Services Inc., et al.* (AT&T); St. Louis County Circuit Court; **Plaintiffs' attorneys:** John Hoffman and Douglas Sprong of Korein Tillery, St. Louis; John F. Mulligan Jr., Clayton; Howard Paperner, St. Louis

AT&T, the largest of six cell phone service providers that negotiated over back taxes, agreed to pay \$65.4 million to settle the class action lawsuit brought by Missouri cities. The company also will pay another \$10.9 million in attorneys' fees for the local governments.

St. Louis County Circuit Judge Bernhard C. Drumm Jr. signed the proposed agreement Dec. 20. The settlement, which is set to be finalized April 18, would provide St. Louis County \$4 million of the \$76.3 million total.

Six years ago, a group of 228 municipalities and counties in the state sued the cell-phone companies, accusing them of failing to pay taxes on their wireless operations. The companies, which include Verizon Wireless, Sprint Nextel, Alltel, T-Mobile and U.S. Cellular, claimed for years that they were not traditional utility companies and therefore were not obligated to pay taxes on their phone services. Settlement negotiations started earlier this year after a state law failed to resolve the conflict.

AT&T was the third company to settle, after Verizon and U.S. Cellular. The cell phone companies agreed to pay all future business license taxes — which range from 2 percent in a number of Missouri cities to 11 percent in the St. Louis suburb of Charlack. Most St. Louis-area cities charge a business license tax of about 5 percent.

AT&T has already increased a surcharge fee for subscribers in the affected Missouri municipalities but said it won't know the full impact of the settlement until it is approved by Judge Drumm in May.

3. \$52 million settlement

Taxes class action; *City of University City, et al., v. AT&T Wireless Services Inc., et al.* (Sprint Nextel); St. Louis County Circuit Court; **Plaintiffs' attorneys:** John Hoffman and Douglas Sprong of Korein Tillery, St. Louis; John F. Mulligan Jr., Clayton; Howard Paperner, St. Louis

Reston, Va.-based Sprint Nextel's settlement with the Missouri cities was the last cell tax resolution of 2007. Sprint, the third-largest cellular company in the United States, agreed to pay \$50 million for 27 months of back taxes to the cities and pay all business license taxes prospectively.

Like the deal agreed to by AT&T, Sprint said the settlement will raise subscriber costs. The first group of affected subscribers would see the increase in their February 2008 bill, the company reported.

4. \$25 million settlement (tie)

Taxes class action; *City of University City, et al., v. AT&T Wireless Services Inc., et al.* (Verizon); St. Louis County Circuit Court; **Plaintiffs' attorneys:** John Hoffman and Douglas Sprong of Korein Tillery, St. Louis; John F. Mulligan Jr., Clayton; Howard Paperner, St. Louis

Six years ago, a group of 228 Missouri municipalities and counties sued Verizon Wireless and five other cell phone companies, accusing them of failing to pay taxes on their local wireless operations. The companies claimed for years that they were not traditional utility companies and therefore weren't obligated to pay taxes on their phone services. Settlement negotiations started in early 2007 after a state law failed to resolve the conflict.

The \$30 million Verizon handed over in the settlement accounts for two years of back taxes that it owed to the Missouri communities and \$5 million for the plaintiffs' attorney fees. The company also agreed to pay all business license taxes in the future according to the individual tax rates of each city. The tax rates range from 2 percent in a number of Missouri cities to 11 percent in the St. Louis suburb of Charlack. Most St. Louis-area cities charge a business license tax of about 5 percent.

4. \$25 million settlement (tie)

Securities class action; *In re American Italian Pasta Co.*; U.S. District Court, Western District; Stanley Grossman

6. \$19 million settlement

Personal and property damage class action; *Adams et al. v. DPC Industries et al.*; Jefferson County Circuit Court; Kevin Roberts and Tim Engelmeyer

7. \$18.7 million settlement

Securities class action; *Dutton v. D&K Healthcare Resources Inc. et al.*; U.S. District Court, Eastern District; Ellen Gusikoff Stewart

8. \$17.3 million verdict

Insurance class action; *Jeff Barthol et al. v. American Family Mutual*; Jackson County Circuit Court; Michael Waldeck

9. \$10.5 million settlement

ERISA class action; *In re Aquila ERISA Litigation*; U.S. District Court, Western District; Michael Jaffe

10. \$8.4 million verdict

Missouri Merchandising Practices Act violations class action; *Keith and Deborah Shackelford et al. v. John Chezik Homerun Inc. and A&L Holding Company*; Clay County Circuit Court; H. Fred Northcraft