

NOTICE OF CLASS ACTION SETTLEMENT

OFFICE OF THE CLERK

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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OSCAR ROBERTSON, et al.,

70 Civ. 1526  
(RLC)

Plaintiffs,

- against -

NATIONAL BASKETBALL ASSOCIATION, et al

Defendants

-----X

TO ALL PERSONS WHO ARE NOW OR AT ANY TIME HAVE BEEN ACTIVE PLAYERS FOR MEMBER TEAMS IN THE NATIONAL BASKETBALL ASSOCIATION SINCE THE PLAYING SEASON WHICH INCLUDED APRIL 16, 1970

Pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, you are hereby notified that on June , 1976, a hearing will be held before this Court, at which you are entitled to be present as set forth below, to determine whether a settlement of this action should be finally approved by this Court as fair, reasonable and adequate. The terms of the settlement are summarized below:

I. Class Action Determination

The Court has heretofore ordered that this action be maintained as a class action pursuant to Rule 23(b) (1) of the Federal Rules of Civil Procedure. Notice of that class action determination has been previously given by sending a Notice of Pendency of Class Action to all those persons who became members of the class prior to the commencement of the 1975-76 National Basketball Association (NBA) playing season. A copy of the Notice of Pendency of Class Action is being sent with this Notice of Class Action Settlement to all those persons who became members of the class during the 1975-76 NBA playing season.

Information concerning the specific allegations in the complaint, the relief sought by plaintiffs and the precise

definition, scope and effect of the class action determination is set forth in detail in that Notice of Pendency of Class Action.

## II. Summary of Proposed Settlement Terms

As set forth in the Stipulation and Settlement Agreement dated April 29, 1976, agreement has been reached for the settlement of this action. The Court has found that a preliminary showing of fairness, reasonableness, and adequacy has been made as to this settlement so as to warrant a final hearing on notice to the class, and has ordered this Notice to be sent to you. The terms and conditions of the proposed settlement essentially deal with current NBA practices and a Settlement Fund to be paid to all class members, all of which terms and conditions are set forth in full in the Stipulation and Settlement Agreement and Exhibits thereto, and the fee application of class counsel which are on file in this Court. The following description of the proposed settlement is a summary only.

A. Certain practices in the NBA shall be modified and/or eliminated so as to increase the number of teams with which NBA players may negotiate and sign player contracts as follows:

1. College Draft - As to each college draft to be held between 1976 and 1986 the college draft will be modified so that the present NBA rules which place no time limitation on the duration of the exclusive right of an NBA team to negotiate with a drafted player shall no longer apply. Instead, draft rights shall last for a maximum of two years from the time a player is first drafted, subject to certain exceptions set forth in the Stipulation and Settlement Agreement. In addition, all persons whose high school classes have graduated will become eligible to be drafted by NBA teams prior to the graduation of their college classes, provided that such a person renounces his intercollegiate basketball eligibility.

2. Option Clause - The option clause contained in paragraph 22 of the NBA's Uniform Player Contract has been construed by the NBA and its member teams to add one year to a player's stated term of contract at the team's option, provided that 100% of the player's compensation for the last year of the player's contract is offered.

As to option clauses of any kind in all existing player contracts, they shall be deemed eliminated and rendered void at the conclusion of the 1975-76 playing season,

except for options that can be exercised prior to August 1, 1976 for the 1976-77 playing season and options which were the subject of specific substantive negotiations between a player and an NBA team.

As to all player contracts to be signed in the future, no option clause may exist or be imposed, except for rookie players who sign one-year contracts and other players who specifically negotiate an option clause (which may not be contained in a Uniform Player Contract), including an option in the player's favor.

3. Compensation Rule - The compensation rule currently applicable in the NBA provides that when a player completes his contract and signs a player contract with another NBA team, the new team is obligated to compensate the player's former team and failing agreement between the two teams as to compensation, award compensation to the former team in the form of cash and/or player contracts, and/or draft choices.

The current compensation rule will stay in effect through the 1980-81 NBA playing season so that until then a player who has completed his contract is free to negotiate and sign a player contract with another NBA team, subject only to the current compensation rule.

At the end of the 1980-81 NBA playing season and lasting through the end of the 1986-87 NBA playing season, no compensation rule of any kind shall be applicable to such player in the NBA; and such player may negotiate with any other NBA team or teams subject only to a right of first refusal (as described in the Stipulation and Settlement Agreement) in the team with whom his contract is expiring, and that team may retain the player's services only by matching or exceeding the offer accepted by the player for his services from another NBA team.

For purposes of application of the compensation and first refusal rules, a player may begin negotiating with any NBA team at the end of the play-offs in the last NBA season covered by his contract.

4. The current NBA college draft, option clause and compensation rule will not be reinstated.

B. Settlement Fund - The NBA member teams have agreed to pay the aggregate sum of \$4,300,000 (1/13th for each NBA team) to the plaintiffs and members of the class in full satisfaction of all damage claims asserted by plaintiffs on

behalf of the class in this action. The payments will be made to 479 class members in eight equal annual installments of \$537,500, the first of which is contemporaneously being paid into escrow. Each class member's share of the Settlement Fund has been calculated according to the formula set forth below which is based on the number of years each class member played in the NBA during the applicable ten-year period covered by this action (the 1966-67 NBA playing season through the 1975-76 NBA playing season). The NBA and its member teams did not participate in the determination of the formula.

Under this formula, each playing season in that period has been assigned a specific unit value. The earlier seasons in that ten-year period have been assigned a relatively higher unit value than more recent seasons in recognition of the varying extent of competition for players' services in professional basketball. The units for each year are as follows:

<u>Playing Season</u>	<u>Units</u>
1966-67	Four (4)
1967-68	Three (3)
1968-69	Two (2)
1969-70	Two (2)
1970-71	One (1)
1971-72	One (1)
1972-73	One-half (1/2)
1973-74	One-half (1/2)
1974-75	One-half (1/2)
1975-76	One-half (1/2)
	TOTAL: Fifteen (15)

The total number of units to which any class member who played in each year of the ten-year period would be entitled is 15. Unless modified by the Court upon presentation of sufficient proof at the hearing of June , 1976, the aggregate number of units for all class members is 2,159 (based on the statistical information contained in the Official NBA Guides) with each unit having a dollar value of \$1,991. The dollar value of each unit is calculated by dividing the \$4.3 million Settlement Fund by the total number of units for the entire class and each member's share of the Settlement Fund is calculated by multiplying his number of units by the dollar value of each unit. Class members who played at least one game but fewer than twenty-five regular season games in any season in the ten-year period and who were not on an active or injured list for more than one-half of any such playing season,

shall receive only one-half of the number of units assigned for that playing season. The application of the formula to each class member is set forth in the Plan of Distribution on file with the Court. The number of units you are entitled to is \_\_\_ which represents your share in the Settlement Fund in the amount of \$\_\_\_\_\_.

The first installment, and if necessary, any subsequent installment of the Settlement Fund will be held in escrow and mailed to you upon the expiration or determination of any appeal taken from this Court's judgment approving this settlement. The next installments of the settlement amount due to you will be mailed on or before May 1 of each year through 1983. The obligation to pay the Settlement Fund will be secured by proceeds of television network revenues which will be directly paid into a bank account for the benefit of the class.

You are required to maintain a current address on file with both the National Basketball Players Association, 15 Columbus Circle, New York, New York 10023, c/o Lawrence Fleisher, and with Weil, Gotshal & Manges, 767 Fifth Avenue, New York, New York 10022, counsel of record for plaintiffs and the class, c/o Peter Gruenberger and James W. Quinn, and to make written notification to them about all address changes until the end of 1983 as soon as they occur. All inquiries concerning the application of this formula and/or the payment of settlement amount should be directed to Messrs. Fleisher, Gruenberger and/or Quinn at the addresses set forth above.

C. Attorneys' Fees - If the settlement is approved by the Court, the NBA member teams will pay all attorneys' fees, costs and disbursements actually incurred from 1970 until the Closing Date as defined in the Stipulation and Settlement Agreement by and on behalf of the plaintiffs and the class in connection with the issues raised in and prosecution of this class action since 1970, subject to Court approval. All such amounts will be paid in addition to and will not be subtracted from the Settlement Fund referred to above. Class members who have paid special assessments towards counsel fees shall be reimbursed therefor from the attorneys' fees approved by the Court. The amount of attorneys' fees will be limited to the standard hourly rate normally charged by counsel, for the class members. A description of such attorneys' fees, costs and disbursements through the date hereof and the manner of payment thereof is set forth in the fee application of class counsel on file with the Court.

D. Enforcement By Special Master - The Court will retain jurisdiction of the action and the parties, and will appoint a Special Master to enforce the provisions and terms of the Stipulation and Settlement Agreement.

### III. Hearing

NOTICE IS HEREBY GIVEN to all class members that a hearing will be held before the Court on June , 1976 at 10:00 A.M. in Room at the United States Courthouse for the Southern District of New York, Foley Square, New York, New York to finally approve the proposed settlement on the grounds that it is fair, reasonable and adequate. If so approved, the Court will enter a judgment dismissing this action with prejudice in accordance with the Stipulation and Settlement Agreement, which' contains a covenant on behalf of the class members not to sue with respect to the claims alleged in this action.

IF YOU ARE SATISFIED WITH THIS PROPOSED SETTLEMENT, YOU NEED NOT APPEAR AT THE HEARING NOR TAKE ANY ACTION. However, if you object to the fairness, reasonableness and adequacy of the settlement (including the application' of the Settlement formula to you) as described above, you may appear at such hearing to show cause why such settlement should not be finally approved, provided that you serve no later than May \_\_, 1976: (i) a written notice of intention to appear; and (ii) copies of any and all papers, affidavits and briefs you will submit in opposition to the settlement, upon (a) the Clerk of the Court at the address set forth below, (b) Weil, Gotshal & Manges, attorneys of record for plaintiffs and the class, at the address set forth above, and (c) Proskauer Rose Goetz & Mendelsohn, 300 Park Avenue, New York, New York 10022, attorneys of record for the NBA.

At the, hearing on June , 1976, any member of the class may appear and present any proper argument and evidence, but no person not a class member will be heard and no papers will be received unless the service of the notice of intention to appear and the papers, affidavits and briefs referred to above has been timely made.

For a more complete and detailed statement of the matters involved in this litigation and in the proposed settlement, reference is made to the proceedings and all other pleadings and papers on file with the Court.

By Order of the Court.

Dated:

New York, New York  
April , 1976

CLERK  
United States District Court  
Southern District of New York  
Federal Courthouse  
Foley Square  
New York, New York 10007