

PRELIMINARY STATEMENT and VERIFIED FACTS¹

1. On October 17, 2012, Verizon Communications Inc. (“Verizon”) filed with the United States Securities and Exchange Commission (“SEC”) a Form 8-K announcing it had entered into a contract with The Prudential Insurance Company of America (“Prudential”) whereby, by the end of 2012, its Verizon Management Pension Plan (“Plan”) would end its responsibility to provide pensions to approximately 41,000 management retirees and Prudential would begin providing insurance annuities to such retirees. (VC ¶ 1).²

2. The operative agreement for the transaction is the “Definitive Purchase Agreement” executed by the parties on October 17, 2012. (VC ¶ 19). Verizon plans to consummate the transaction contemplated (the “Verizon/Prudential Annuity Transaction”), on or soon after December 7, 2012. (App. 65-10).

3. The “Press release” attached to Verizon’s October 17, 2012 SEC filing emphasizes the abdication of Verizon’s responsibility under ERISA and the loss of PBGC protection, in stating “Prudential, rather than Verizon, will be responsible for making these monthly payments. The group annuity includes an irrevocable commitment by Prudential to make annuity payments to affected retirees covered under the annuity contract.” (VC ¶ 2).

4. If the transaction goes forward, Plaintiffs and all affected retirees will immediately lose all federal legal protections provided by the Employee Retirement Income Security Act of

¹ “VC ¶ __” refers to the paragraph within the VC that is verified and or otherwise not in dispute. “App. __” refers to the particular page number of Plaintiffs’ Appendix filed with the Verified Complaint, which Appendix contains supporting affidavits and undisputed documents.

² In response to a formal ERISA document disclosure request, in-house counsel at Verizon provided one of the undersigned counsel a highly redacted copy of the Definitive Purchase Agreement. (App. 3, ¶ 13).

1974, as amended, 29 U.S.C. §§ 1001- 1461 (“ERISA”), and the federal uniform guaranty protection accorded by the Pension Benefit Guaranty Corporation (“PBGC”), as Congress contemplated with respect to defined benefit pension plans. (VC ¶ 51).

5. Before entering into their agreement, none of Defendants either consulted with or asked the retirees to give their opinions, comments or consent to the planned change which is being imposed upon the retirees against their will. (VC ¶¶ 29, 54).³ Plaintiffs are long-term participants in the Plan and they do not consent to losing all of their federal legal rights under ERISA and losing the federal uniform guaranty protection accorded by the PBGC. (*Id.*).

6. Verizon’s intended course of action with Prudential, affecting approximately 41,000 pensioners, is not in compliance with standard termination procedures established under ERISA and by the PBGC for a defined benefit pension plan and is unprecedented. Verizon, one of the most financially successful U.S. corporations, intends to “de-risk”, or abandon, its long-term responsibility for financing and paying the pension obligations of 41,000 retirees, simply to enhance its corporate credit rating. Verizon’s motive is revealed in a standardized letter sent to affected retirees indicating that “Prudential will assume the responsibility for your pension benefit,” so as to allow “Verizon to better focus on the core mission of providing the best communications network around the world.” (App. 220-221, 251-252). Verizon’s pursuit of profit or a better credit rating is no excuse for discrimination against retirees and terminating their federal law protections.

³ Plaintiffs and all putative class members are not privy to certain details of the transaction, such as any of the analyses conducted by either Prudential and Verizon, any consultants or the so-called ‘independent fiduciary’ referenced in the Definitive Purchase Agreement. (VC ¶ 19, fn. 2).

7. In shedding the pension obligations in question, Verizon is taking advantage of the group of retirees least able to defend themselves. Verizon is not engaging in the same or similar action with respect to nonmanagement retirees or those management retirees formerly represented by unions. (VC ¶ 4). Retirees formerly represented by unions during employment are not included in the proposed annuity transaction. (*Id.*). Also not included are certain retiree participants of the Plan formerly employed by MCI Corporation, whom Verizon is obviously concerned have rights inconsistent with Verizon's intentions. (*Id.*). Over 50,000 other Plan participants, including both retirees and active employees will remain in the Plan. (VC ¶¶ 4, 38-39). Verizon is nevertheless moving swiftly against management retirees who lack a formalized bargaining representative or other such protection. (VC ¶ 4).

8. Verizon's letter to affected retirees is executed by Marc C. Reed, who serves both as Verizon's Chief Administrative Officer and as Chairman of the Verizon Employee Benefits Committee, the named fiduciary and plan administrator of the Plan. The standardized letter states, in part: "Let me assure you that this decision was made after careful consideration and a thorough review of both our funding obligations and what is legally permissible under the terms of the Plan." (Emphasis added) (App. 5). To the contrary, Verizon's proposed transaction violates the controlling terms of documents establishing and governing the Plan, constitutes a breach of ERISA's fiduciary duty requirements, violates ERISA's prohibition on discriminatory and intentional interference with retirees' rights under a pension plan and ERISA, and undermines Congressional intent to provide American pensioners with a uniform safety net under the auspices of the PBGC.

9. On November 27, 2012, Plaintiffs filed the Complaint, for the benefit of themselves and on behalf of a putative class of 41,000 Plan participants and their beneficiaries, seek temporary, preliminary and permanent injunctive relief, as well as declaratory plan-wide relief, to avoid the loss of their rights. Each of the claims asserted in the Verified Complaint, all under ERISA, support such relief against the Defendants, and on the grounds, identified below:

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| Count One | Verizon Employee Benefits Committee - Violation of ERISA Section 102(b), Failure to Provide Required Disclosure in Summary Plan Descriptions; |
| Count Two | Verizon Employee Benefits Committee, Verizon Investment Management Corporation - Violation of ERISA Section 404(a)(1), Breach of ERISA Fiduciary Duties; |
| Count Three | Verizon, Verizon Employee Benefits Committee, Verizon Investment Management Corporation - Violation of ERISA Section 510, Interference with Protected Rights; and |
| Count Four | Verizon, Verizon Employee Benefits Committee, Verizon Investment Management Corporation and Prudential - Entitlement to Appropriate Equitable Relief under ERISA Section 502(a)(2) and (a)(3). |

10. The Court has jurisdiction of the claims for relief asserted in the Complaint based upon the civil enforcement provisions of ERISA, 29 U.S.C. §§ 1132(a)(1), 1132(a)(2), 1132(a)(3), 1132(e)(1) and 1132(f), and upon federal question jurisdiction under 28 U.S.C. §§ 1331.

11. Relief is appropriate under 28 U.S.C. §§ 2201 and 2202, granting any district court of the United States, in a case of actual controversy within its jurisdiction, the power to

declare the rights and other legal relations of any interested party seeking such declaration and to grant further necessary or proper relief based upon a declaratory judgment or decree.

12. Venue of this action lies in the Northern District of Texas, pursuant to 28 U.S.C. § 1391(b) and 29 U.S.C. § 1132(e)(2), in that the Verizon Management Pension Plan is administered in this District. The Dallas Division of this District is a convenient forum as demonstrated by Verizon Employee Benefits Committee's representations to this Court that "[r]esponsibility for day-to-day administration of the Plan. . . has been delegated by the Verizon Employee Benefits Committee to the pension administration department within the Verizon human resources department in Coppell and Irving, Texas." *Verizon Employee Benefits Committee v. Jaeger*, Not Reported in F.Supp.2d, 2006 WL 2880451 (N.D. TX September 28, 2006).

THE PARTIES and SIGNIFICANT ENTITIES

13. Named Plaintiff William Lee ("Lee") is a United States citizen and resident of Garland, Texas. (VC ¶ 10). In 1997, he retired from a predecessor of Verizon. (*Id.*). Within several months after his retirement date, Lee began receiving a service pension in the form of a 100% joint and survivor monthly annuity. (*Id.*). Lee is a "participant," as defined by ERISA Section 3(7), 29 U.S.C. § 1002(7), in the Plan. (VC ¶ 11).

14. Named Plaintiff Joanne McPartlin ("McPartlin") is a United States citizen and resident of Venice, Florida. (VC ¶ 12). In 1995, she retired from a predecessor of Verizon and began receiving a service pension in the form of a single life monthly annuity. (*Id.*). McPartlin is a "participant," as defined by ERISA Section 3(7), 29 U.S.C. § 1002(7), in the Plan. (VC ¶ 13).

15. Defendant Verizon is a Delaware corporation doing business within this District.

Verizon maintains a human resources department charged with administering the Verizon Management Pension Plan and various welfare benefit plans within the Dallas Division of this District. (VC ¶ 14).

16. Defendant Verizon Corporate Services Group Inc. is a Delaware corporation with operations within this District, and is the plan sponsor of the Plan. Like Verizon, it maintains a human resources department charged with administering the Plan and various welfare benefit plans within the Dallas Division of this District. Hereinafter, both Defendant Verizon Communications Inc. and Defendant Verizon Corporate Services Group Inc. are, together, referred to as “Verizon.” (VC ¶ 15).

17. Defendant Verizon Employee Benefits Committee (“Verizon EBC”) and/or its chairperson is, pursuant to ERISA Sections 3(21) and 3(16), 29 U.S.C. §§ 1002(21) and 1002(16), the named “fiduciary” and “administrator” of the Plan. The Verizon EBC is also the named fiduciary and administrator of numerous Verizon welfare benefit plans, and as such owes fiduciary duties to retirees who are either participants in or have colorable claims to payment under Verizon’s pension and welfare benefit plans. The Verizon EBC has delegated day-to-day administration of Verizon’s employee benefit plans to Verizon’s human resources department, including personnel in the offices of Verizon located within this District at 600 Hidden Ridge, Irving, Texas. The Verizon EBC is a body appointed by Verizon, and, as a body, performs certain designated fiduciary and administrative functions under Verizon’s employee benefit plans. For example, as administrator and fiduciary of Verizon’s pension plans, Verizon EBC has the discretionary authority to exercise control over disbursements of assets in the Plan. (VC ¶ 16).

18. Defendant Verizon Investment Management Corporation (“VIMCO”) is, pursuant to ERISA Sections 3(21), 29 U.S.C. §§ 1002(21), a fiduciary of Verizon’s several pension plans, including the Plan. VIMCO exercises discretionary authority and control respecting management and disposition of the assets of the Plan and Verizon’s master trust, under which the assets are held, known as Bell Atlantic Master Trust. VIMCO is a body appointed by Verizon, and, as a body, performs certain investment functions under Verizon’s pension plans and the master trust. (VC ¶ 17).

19. Defendant Verizon Management Pension Plan is an “employee pension benefit plan” pursuant to ERISA Section 3(2)(A), 29 U.S.C. § 1002(2)(A). The Plan is a defined benefit employee pension benefit plan. The Plan is a “single-employer plan” and not a “multiemployer plan.” As of the filing date of this Verified Complaint, the Plan has approximately 100,000 participants, including Plaintiffs and the putative class of 41,000 retirees whose pension benefits Verizon intends to involuntarily remove and terminate from the Plan. The Plan is subject to the financial protections provided by the PBGC. (VC ¶ 18).

20. Defendant Prudential is an insurance company organized and existing under the laws of the State of New Jersey with its principal place of business in Newark, New Jersey. Prudential is an indirect, wholly-owned subsidiary of Prudential Financial Inc., a publicly traded corporation, which owns 10% or more of the stock of Prudential. Prudential is duly authorized to do business in the State of Texas and does business within this District. (VC ¶ 19).

THE COURT SHOULD GRANT A TEMPORARY RESTRAINING ORDER

21. It cannot be disputed that, before Defendants entered into their agreement for the Verizon/Prudential annuity transaction, none of the Plaintiffs and putative class received any

prior notice or disclosure to advise them that their pension could involuntarily be removed from the ERISA-governed and PBGC-protected Plan and turned over to an insurance company which does not have to comply with ERISA and will not provide a uniform protective guaranty.

Therefore, Plaintiffs and the putative class members have been harmed because by not being informed, and by losing any opportunity to protect themselves other than by this action. (VC ¶ 69).

22. The Verizon/Prudential annuity transaction will result in the affected retirees being placed into an inferior safety-net, not governed by a uniform federal law, but governed by non-uniform laws relating to insurance guaranty associations of 50 separate states. (VC ¶¶ 43-49). The Verizon/Prudential transaction places some retirees at risk of only being protected for two years of annuity payments. (VC ¶ 48).

23. The Verizon/Prudential annuity transaction is not what the Plaintiffs and the putative class of management retirees bargained for when they loyally served Verizon and predecessor companies, including the business entities comprising the former old Bell System. The contemplated involuntary removal of Plaintiffs and the putative class of retirees from the Plan and their transfer to Prudential's control is not in Plaintiffs' and putative class members' best long-term financial interests and Plaintiffs do not consent to this change. (VC ¶ 54).

24. Should the Verizon/Prudential annuity transaction be consummated, the public policies expressed by Congress and set forth within ERISA will be thwarted. The facts set forth in the Complaint reveal that unless Defendants are immediately restrained from consummation of their "Definitive Purchase Agreement," Defendants will go forward during December 2012, and that if the transaction is not restrained, Plaintiffs and a putative class of approximately 41,000

retirees will suffer irreparable injury in the form of complete loss of all protections afforded ERISA.⁴ Injunctive relief also is appropriate to preserve for Plaintiffs and the putative class members their protection accorded to their respective pensions under the uniform federal pension guarantee system administered by the PBGC.

25. The verified facts reveal that there is a substantial likelihood that Plaintiffs will prevail on their claims that Defendants have violated ERISA and will further violate ERISA by consummation of the Verizon/Prudential annuity transaction.

26. The Plaintiffs' and the retirees' loss of long standing federal protections under ERISA and the PBGC outweigh any harm to Defendants should the Court issue a temporary restraining order in the form of a prohibitory injunction requiring all defendant parties to maintain the status quo until such time as the Court can conduct a hearing on Plaintiffs' request for a preliminary injunction and weigh the undisputed evidence.

27. Plaintiffs' verified facts reveal that should the Court grant Plaintiffs a temporary restraining order there will be no disservice to the public interest which favors carrying out Congressional policies reflected in both ERISA and the PBGC.

28. Therefore, Plaintiffs request the Court to restrain and enjoin Defendants in the following manner:

Defendants should be restrained from consummating the terms of the "Definitive Purchase Agreement" dated October 17, 2012 and restrained from removing the pensions of Plaintiffs and other retirees from the Verizon Management Pension Plan from the date of this Court's order until further order of this Court.

⁴ Arguably, under the law of some Circuits, once Plaintiffs and the other affected retirees are removed from the Plan, they lose the right to sue under ERISA.

29. Plaintiffs incorporate herein their Verified Complaint for Declaratory and Injunctive Relief Under ERISA, the Appendix filed in support thereof and the Memorandum Brief filed herewith. A proposed Temporary Restraining Order is submitted herewith.

WHEREFORE, Plaintiffs William Lee and Joanne McPartlin, for themselves and a putative class of retirees who are threatened with imminent involuntary removal of their pensions from the Verizon Management Pension Plan during December 2012, respectfully move this Court to grant their proposed Temporary Restraining Order in the form submitted herewith, and grant such other appropriate and equitable relief as this Court deems just.

DATED this 28th day of November, 2012.

Respectfully submitted,

s/ Curtis L. Kennedy

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CERTIFICATE OF NOTICE GIVEN TO DEFENDANT PARTIES

On November 26, 2012, one of the undersigned counsel emailed a notice letter to Verizon in-house counsel Marc Schoenecker informing him of the fact that the retirees would be seeking a temporary restraining order followed by a court hearing at the earliest possible date for the Court to consider entry of a preliminary injunction. The notice letter is set forth in Plaintiffs' Appendix at pp. 5-6. In response to the notice letter he received, Attorney Marc Schoenecker sent both of the undersigned counsel an email message stating, "Thank you for the letter. I will have a copy of it provided to counsel for the other parties to the Prudential transaction."

DATED this 28th day of November, 2012.

Respectfully submitted,

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