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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

IN RE: CHINESE MANUFACTURED * Docket 09-MD-2047 DRYWALL PRODUCTS *
LIABILITY LITIGATION
February 12, 2015
This Document Relates To: 9:00 a.m. 09-6687, 09-6690, 10-361, 11-1672, * 11-1395 and 11-1673 * * * * * * * * * * * * * * * * * * * *

MOTION HEARING BEFORE
THE HONORABLE ELDON E. FALLON UNITED STATES DISTRICT JUDGE

## APPEARANCES:

For the Plaintiffs:
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## PROCEEDINGS

(February 12, 2015)
(OPEN COURT)

THE COURT: Let's go into the next item of business, the motion for damages. Dean, do you want to call that motion, the motion for assessment of class damages.

THE DEPUTY CLERK: MDL-2047, In re:
Chinese-Manufactured Drywa11 Products Liability Litigation. It's Document 18086, plaintiffs' motion for assessment of class damages pursuant to Rule 55(b) (2) (B) and request for approval of supplemental notice.

THE COURT: Counsel, make their appearance for the record.

MR. LEVIN: Arnold Levin on behalf of class counse1 and the Plaintiffs' Steering Committee.

THE COURT: Anybody from the defendant? Anybody from either the defendant or any of their affiliates?

As was reported before, there was at least a rumor that they were interested in having a continuance, but they didn't put anybody up to represent them formally and ask for a continuance. There was an e-mail that was sent to their former attorney, who's been discharged, and he indicated that
he didn't represent them.
MR. LEVIN: We have some activity in the back of the courtroom, Your Honor.

THE COURT: Yes.
MR. HERMAN: Your Honor, could we have a moment?
THE COURT: Okay.
MR. LEVIN: Your Honor, may we see you sidebar on a completely different matter just to report to you during this? It'11 take two minutes.

THE COURT: Wait. Do we have somebody?
MR. HERMAN: May we approach, Your Honor?
THE COURT: Sure.
(WHEREUPON, the following proceedings were held at the bench.)

MR. HERMAN: Your Honor, this is Mr. Block from Alston \& Bird. This is judge Fallon. Tom advises that the gentleman will be making an appearance. For which party?

MR. BLOCK: For BNBM.
THE COURT: Okay. Make your appearance. I'11 have a couple of comments, and then I'11 call for your appearance, and make your appearance and, if you wish, a continuance. I'11 take that into consideration, the fact that you just came in. But I need to have an appearance on the record.

MR. BLOCK: Yes, Your Honor.
(WHEREUPON, the following proceedings were held in
open court.)
MR. HERMAN: Thank you, Your Honor.
THE COURT: Okay. The motion that I have is a motion for assessment of class damages. I didn't receive any opposition, any written opposition to it.

By way of background, on September the 26th of 2014, the Court granted a motion of the PSC to certify a class of existing class members with claims against Taishan.

Now, the certified class explicitly excluded claims for personal injury. It doesn't mean that they don't have a claim for personal injury. Those claims can be pursued outside of this proceeding. But this class was based on damages to real property which could be assessed on a square footage basis.

I did that in the Murphy Oil case and it was approved by the Circuit. We didn't have any personal injuries. There's always a problem with class actions involving personal injuries because of the lack of commonality or the lack of predominance. But this case, as in Murphy, is only for damages to property.

The PSC now requests that the Court award damages to the class on an aggregated basis. Largely, they base their argument on the Germano case. They hired an expert to estimate the cost. He utilized the Germano program that I devised in the Germano case and he updated it to the present
numbers.
As I read his report, he feels that it's appropriate, using those numbers, that the Court award damages for remediation costs of $\$ 782,944,292.37$, and for ultimate living expenses, he computes based on the Germano program that it be $\$ 95,186,588.82$, and for the loss of use and enjoyment, he computes that it be $\$ 385,200,000$, for a total of $\$ 1,263,330,881.19$ as the total damage. And as I said, he based his figures using the Germano program and updated it to current dollars.

But let me have the appearance of counsel first.
MR. LEVIN: Arnold Levin, sir, for class counsel, the class, and the PSC.

THE COURT: Okay. Anybody representing the defendant, either Taishan or any of its affiliates?

MR. BLOCK: Yes, Your Honor. Aaron Block from Alston \& Bird entering an appearance on behalf of BNBM.

THE COURT: Okay. So you're entering a formal appearance for BNBM?

MR. BLOCK: Yes, Your Honor.
THE COURT: Okay. What's your request?
MR. BLOCK: Your Honor, we'd like to request a brief extension given that we were just retained this morning and just heard about this yesterday. I got on the last seat on the last flight. In order for us to have time to understand and
get our arm's around this, we would ask for an extension of two months, if that were permissible.

THE COURT: Two months. What's the plaintiffs' position?

MR. LEVIN: The plaintiffs' position is that this is a short proceeding. Your Honor has stated our position better than I could state our position with regard to the damages. We would like the hearing to be -- to take place today, to put in the exhibits, make our statement, for the Court to take it under consideration, for us to file, within a short period of time, proposed findings of fact and conclusions of law.

And I think that would give the gentleman from Atlanta two weeks to find out what's going on here.

THE COURT: What's your response to that?
MR. BLOCK: Your Honor, if I may. I understand that there is a lengthy history here, but we are just getting up to speed, and it's obviously very complicated. And in order to be able to provide reasonable advice to our clients, we just need more time.

THE COURT: A11 right. This matter involves a lot of money and a lot of issues. I'11 grant the continuance, but not for two months. I'11 grant a 30-day continuance for you to look at the material. The thing that I need you to look at is the material. If you have any problems with the admission of the material, let me know. If you have any desire to have
witnesses, let me know, and then I'11 schedule a hearing in accordance with that.

MR. BLOCK: Thank you, Your Honor.
THE COURT: Okay.
MR. LEVIN: Your Honor, one thing. He's entered his appearance for BNBM. There are other entities that have been defaulted other than BNBM.

Are you in contact with the parents of BNBM, CNBM, the parent of CNBM, SASAC, the state enterprise in China? And are you apprising them of these proceedings so that they could not come in one month from now and request another two months?

THE COURT: Yes. Let me get in on this. From BNBM's point, I'11 grant you the continuance. But I want you to alert the other people to this situation and alert them to the fact that if they do not retain counsel, then I will be acting on the motion and granting a default and damages to them.

But right now you on7y represent BNBM?
MR. BLOCK: That's correct, Your Honor.
THE COURT: Al1 right. Let's get a list of the people with their addresses and I direct you to alert them to that.

MR. LEVIN: We will send Mr. Block a letter with all of the entities that we're looking at. There's a docket full of them, Aaron.

THE COURT: Al1 right.
MR. LEVIN: May we see you for two minutes, Your Honor, on another matter?

THE COURT: Okay. Anybody else on this matter?
All right. Thank you Mr. Block for coming over. I appreciate it.

THE DEPUTY CLERK: Al1 rise. *****

## CERTIFICATE

I, Jodi Simcox, RMR, FCRR, Official Court Reporter for the United States District Court, Eastern District of Louisiana, do hereby certify that the foregoing is a true and correct transcript, to the best of my ability and understanding, from the record of the proceedings in the above-entitled and numbered matter.

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