UNITED STATES DISTRICT COURT EASTERN DISTRICT OF LOUISIANA

IN RE: CHINESE-MANUFACTURED
DRYWALL PRODUCTS
LIABILITY LITIGATION
CIVIL DOCKET NO. 09-MD-2047 "L" NEW ORLEANS, LOUISIANA TUESDAY, JANUARY 23, 2018, AT 10:00 A.M.

THIS DOCUMENT RELATES TO ALL CASES

TRANSCRIPT OF STATUS CONFERENCE PROCEEDINGS HEARD BEFORE THE HONORABLE ELDON E. FALLON UNITED STATES DISTRICT JUDGE

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# P-R-O-C-E-E-D-I-N-G-S 

TUESDAY, JANUARY 23, 2018 M O R N I N G S E S S I O N (COURT CALLED TO ORDER)

THE DEPUTY CLERK: All rise.
THE COURT: Be seated, please. Good morning, ladies and gentlemen.

VOICES: Good morning, Your Honor.
THE COURT: Let's call the case, please.
THE DEPUTY CLERK: MDL 2047, In re:
Chinese-Manufactured Drywall Products Liability Litigation.
THE COURT: Liaison counsel, please make their appearance.

MR. HERMAN: Good morning, Judge Fallon. May it please the Court, Russ Herman for plaintiffs.

MR. ROSENBERG: Good morning, Your Honor.
Harry Rosenberg on behalf of CNBM, BNBM and Taishan, as liaison counsel.

MR. DYSART: Good morning, Your Honor. Danny Dysart on behalf of the Knauf defendants.

THE COURT: We're here today for our monthly status meeting. I'll hear from the parties. I met with them previously and received from them a proposed agenda. We'll
take it in the order that's proposed.
MR. HERMAN: Yes, Your Honor. Thank you, again, this morning. Russ Herman for plaintiffs.

The first item on the full status report that will be recorded is the Knauf remediation program. BrownGreer, Jake is here to give a report, which I understand will be very brief. I also understand someone from Kerry Miller's office is here.

MR. WOODY: Good morning, Your Honor. Jake Woody, from BrownGreer.

I have an update on the settlement program. We have completed the calculations necessary for us to issue the remaining funds from the Global, Banner, InEx repair and relocation program.

We will issue those by check over the next month. Hopefully we'll be done sending the checks before the next status conference.

We will send checks to attorneys, counsel of record for each claimant, and we'll send them directly to Pro Se claimants.

The amount that we have to distribute is approximately $\$ 7.4$ million. Each claimant will receive a pro rata share based on their initial payment, which is based on the square footage of their home. We will have that done quickly.

We also are going to issue 1099 tax forms for payments that we issued in 2017. We will issue those before the end of this month. Then, of course, next year, we'll issue 1099s for the holdback payments that we're about to issue as well.

THE COURT: Does that complete, then, the Knauf issues, Knauf settlement?

MR. WOODY: Yes, I believe so. I know that Danny Dysart is here. I don't know if he has anything to say on the remediation program, which is also in its wrapping up stages.

THE COURT: But from your standpoint, then, the Knauf matter is over?

MR. WOODY: We do have the other loss fund remaining to deal with, which we will turn to after the GBI fund; but, the hard part was doing the holdback calculation, so now that that's done, the dominoes should fall pretty quickly.

MR. DYSART: Again, Danny Dysart on behalf of the Knauf defendants.

Your Honor, we're wrapping the program in terms of the Option 1 claims. I believe there is one property left that Moss is remediating. They hope to complete that sometime at the end of the first quarter of this year.

There is also a handful of Option 2 claims. These are self-remediation claims. We would remind claimants
and counsel to try to move those forward.
The Knauf defendants anticipate filing motions in the future, if they can't be completed, to either switch those to Option 3 cash-outs, or to extinguish those claims, if the claimants have lost it due to foreclosure or other matters.

THE COURT: How many of those are there?
MR. GEARY: There is about 30 claimants, I believe, but 50 claims of the Option 2 s. There is a big chunk of them are all one claimant. It's a condominium that Jake has been working with plaintiffs' counsel in trying to move that one forward.

THE COURT: All right. Thank you.
MR. HERMAN: Your Honor, the next issue relates to Roman numeral VII, titled Taishan, BNBM, CNBM defendants.

The defendants' counsel have worked diligently, along with the PSC, in reaching a new PTO 11A, which then would require all plaintiffs in negotiated profile forms to attest to and to list all of the necessary information for defendants to evaluate the proposed claims, and would enable the Plaintiffs' Steering Committee, on the other hand, to reach validation of the claims, and to require plaintiffs to timely return those plaintiff profile forms accurately.

As I understand it, PTO 11A may need an additional modification, but it should be submitted to Your Honor within a week at most. Both parties at that time --
all parties will join in a request that Your Honor consider signing PTO 11A.

Chrissy is here for Taishan, and she may have something.

MS. EIKHOFF: Yes, Your Honor. I agree with Mr. Herman that we have reached agreement on a supplemental Plaintiff Profile Form, and we have also reached agreement on a proposed PTO 11A for Your Honor to enter.

We have submitted that already to the Court, through the law clerk. I don't think there are any more changes to it, so I think it is ready for the Court to enter upon the Court's pleasure.

THE COURT: Okay. I will take care of it.
As I mentioned to the parties in chambers, I'm just concerned that we're bogged down, at least in the Taishan grouping claims. It's been ten years or so since I've had this case. It's not like a situation where a person is injured and they are treated, and they've got lost wages or whatever it is, and then they are back at work and whatever, and you're just looking at what the damages were for that period of time.

We're dealing with houses that people are either living in, or they are sitting there vacant. After a period of time, it becomes increasingly more difficult to deal with them. I mean, we have other hurricanes coming through. We have other deteriorations. So it concerns me that we still have this
case.
I've got to deal with it in some way to justify my position, my continued working on the case. I don't think MDLs ought to be a black hole that your cases are in, and then they just stay here.

So I mentioned that to the parties. I just have to come up with some sort of program of dealing with the cases. We can't just let them sit.

It looks like that, at least from the Taishan standpoint -- we got rid of the Knauf cases, but the other cases, we're into a decade now, and we're still dealing with some issues on jurisdiction. That's a problem.

But I got some input from the parties, and I'll take all of that into consideration.

Let's go to the next area.
MR. HERMAN: May it please the Court, with reference to PTO 11A, I should make it clear, as was discussed with counsel, that this relates to the Hamerin (spelled phonetically) case. THE COURT: Right.

MR. HERMAN: Your Honor, the next section in the status report deals with a pending settlement approval and some recommendations of the Court. Mr. Serpe is here to discuss that with the court.

MR. SERPE: Good morning, Your Honor. Richard Serpe, as class counsel for the Venture Supply/Porter Blaine class,
which, as Your Honor knows, was approved back in July of '13.
In addition to a cash component of that class action settlement, there was an assignment of a default judgment which Venture Supply had obtained against Taishan in the Virginia state court consolidated action before Judge Hall, the Allen case.

That assignment was vigorously litigated among the parties, and a potential settlement was reached, an agreement was reached to liquidate that default judgment. We have been working with counsel to finalize the papers. We anticipate having a final set before Your Honor this week, with executed signatures from the class counsel and Plaintiffs' Steering Committee.

We'll await Taishan's signature, and then hope to present the documents, which would include provisions for notice to the people from that class with respect to the additional compensation that they would be receiving as part and parcel of the original Venture Supply/Porter Blaine class.

THE COURT: As I mentioned to counsel in chambers, that we need to be careful that the people who are going to be receiving additional compensation is limited to those individuals who have already received some compensation, and that the definition of the class will be changed to reflect that.

MR. SERPE: We appreciate Your Honor's input, and we'll
make sure that that is reflected in the papers. Thank you, Your Honor.

THE COURT: Thank you very much.
I received the material from the parties. It was both in Chinese and in English. My law clerk says the Chinese was accurate, it just wasn't traditional Chinese. It was when Mao came aboard, he changed the language a bit and made it a somewhat different type. But we were able to get through it and understand it.

MR. HERMAN: Your Honor, Judge Fallon, that actually concludes our issues on the status conference report.

For those that may be on the phone, the status conference report in full will be posted as usual. I believe there may be an argument after the status conference.

THE COURT: There is a motion that the Court will take up.

MR. HERMAN: Your Honor has selected --
THE COURT: Right, February 21 at 2:30 is the next one.
MR. ROSENBERG: If it please the Court, I think
February 21st is at the normal time, at 9:00 a.m.
THE COURT: March 20th is at --
MR. ROSENBERG: Three o'clock.
THE COURT: -- 3:00, okay.
MR. HERMAN: I have noted a 2:30 preconference with Your Honor.

THE COURT: On March 20th, right?
MR. ROSENBERG: Yes, Judge.
MR. HERMAN: Thank you, Judge. That concludes the status.

THE COURT: All right. Thank you very much.
THE DEPUTY CLERK: Could we take just five minutes to get the call back on, Judge.

THE COURT: We've lost the AT\&T call for the motion, so we'll take a five-minute break, and I'll come back on the motion.

The Court is in recess.
THE DEPUTY CLERK: All rise.
(WHEREUPON, at 10:10 a.m., the proceedings were concluded.)

## REPORTER'S CERTIFICATE

I, Cathy Pepper, Certified Realtime Reporter, Registered Merit Reporter, Certified Court Reporter in and for the State of Louisiana, 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.

> s/Cathy Pepper

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