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 WEDNESDAY, JUNE 19, 2019, 9:00 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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SPECIAL MASTER CAL MAY JIMMY FAIRCLOTH, ESQUIRE JACOB WOODY, BROWNGREER

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NEAL SIVYER, ESQUIRE EMMA SCHWAB, ESQUIRE SAL CHRISHINA, ESQUIRE TONI BECNEL, ESQUIRE

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P-R-O-C-E-E-D-I-N-G-S<br>WEDNESDAY, JUNE 19, 2019<br>M O R N I N G S E S S I O N (COURT CALLED TO ORDER)

THE COURT: Okay. Dean, let's call the case, please. THE DEPUTY CLERK: MDL No. 2047, In re: Chinese Manufactured Drywall Products Liability Litigation.

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

MR. ROSENBERG: Good morning, Judge Fallon.
Harry Rosenberg, liaison counsel for Taishan, BNBM and CNBM, Your Honor.

MR. RUSS HERMAN: May it please the Court. Good morning, Judge Fallon. I'm Russ Herman. I'm here for the PSC as liaison counsel.

MR. MILLER: Kerry Miller is also here, Your Honor, liaison counsel.

MR. RUSS HERMAN: Yes, you are. Glad to see you. MR. MILLER: Good to see you, too, Russ.

MR. RUSS HERMAN: I just have very few reports to the Court. Joint Report No. 112 in MDL Docket 2047 has been distributed and filed of record, should anyone want to access it.

Jake Woody is here for BrownGreer. He has a statement for the record. Jake.

MR. WOODY: Good morning, Judge Fallon.
THE COURT: Good morning, Jake.
MR. WOODY: Jake Woody from BrownGreer.
I wanted to say just a quick word about attorneys' fees and the administrative steps that we're taking to move forward with that disbursement.

THE COURT: This is on the Knauf portion of the case. MR. WOODY: Yes, Your Honor.

If you recall, in 2016, we sent a list of properties and settlement payment amounts to every firm and asked them to confirm that we had the right list.

We've refreshed that list to reflect payments that we've made since then. We're going to send it back out to every firm, ask that they review it carefully and make sure that we have captured all the properties that they represent and have the correct settlement amounts. Those amounts will be used to calculate the individual fees on those properties.

We expect to send that out early next week, and would ask that people -- we'll probably give a deadline of about ten days to review it and get back to us on that. That will give us the numbers that we need and the confirmation that we need to make those disbursements on the individual retained attorneys.

THE COURT: Okay. By way of background, in this particular case, the Knauf case proceeded. After several trials, we were able to work out a protocol. The protocol was utilized in dealing with the damages.

The case was settled. The settlement included a certain amount of taking care of the protocol; then, in addition to that, it included attorneys' fees. The attorneys' fees encompassed both the contract lawyers, as well as the common benefit lawyers.

So, after the litigants had gotten paid, after all of the property had been remediated and paid for, I then focused on the attorneys' fees. The attorneys' fees were a certain amount that was put in the registry of the Court by Knauf.

I had to first write an opinion deciding the appropriate split between the contract lawyers and the common benefit lawyers.

After that was done, then I wrote another opinion dealing with the disbursal of the fees for the common benefit lawyers. We're talking now about the contract lawyers.

The contract lawyers have a certain portion of the fee, and it is to be divided in accordance with the square footage of the properties involved. That was long time determined.

So, at this point, what Jake is doing is figuring
out the appropriate attorneys' fees for those attorneys who had contracts with the owners of those particular properties. Their fee will be determined by the square footage of the property. That's what we're doing at this point.

MR. WOODY: That's correct, Your Honor.
THE COURT: Thank you very much.
MR. WOODY: Thank you, sir.
MR. RUSS HERMAN: Your Honor, may it please the Court. Sandy Duggan for the plaintiffs, Christy for Taishan, have a report to the Court. Should be very brief.

MS. DUGGAN: Good morning, Your Honor. There is a stay in place from the District Court proceedings in this Court, as well as in the remand courts in Virginia and in Florida, through July 1st.

The parties have been working diligently to finalize a settlement agreement. We have been working around the clock. We have had several meetings in person, numerous telephones calls and exchange of e-mails. We believe that we are on target to complete the settlement by July 1st with regard to all of the principal terms.

The only thing that will probably be outstanding at that point is the official signatures, chops, from the Chinese defendants, which will take probably an additional several weeks to complete.

MS. EIKHOFF: That is likely, Your Honor. It is a
comprehensive, lengthy settlement agreement, as you can imagine, for a class settlement of this magnitude.

Once we reached the terms -- or were nearly complete on terms -- also, the whole thing had to be translated by a law firm in China. That translation is supposed to be done by the episode of this week. Then, once we have been satisfied, among the lawyers, that we have agreement on terms, then it will be need to go through the regulatory layers of approval in China.

THE COURT: Now, we're talking at this point about the Taishan cases. You will recall that the group of manufacturers in this particular litigation were a German-owned, wholly-owned subsidiary of a Chinese corporation. That was the Knauf side of the case.

In addition to the Knauf side of the case, there was a Taishan side of the case, which included a number of manufacturers, Chinese manufacturers. We have been discovering that case and trying that case. We got to a point where it was appropriate to begin remanding the case.

So I remanded several thousand of them to Florida and then also several thousand to Virginia. With the good work of the Florida judges, Judge Cooke and her colleague there, and also the federal judge in Virginia, they were able to get the cases moving. The parties have now gotten together and have reached an agreement in principle to resolve the Taishan cases.

It's because of the good work of the lawyers before me that it was able to be perfected, and I appreciate all of their good work.

We're in the process now of papering it and putting some final touches on it.

MS. EIKHOFF: Your Honor, we have scheduled with your law clerk an update call with you next week -- in about a week's time, so that we can give you an update and have a better sense then, in terms of extending the stay, the amount of time that we may be needing to request.

THE COURT: I'm in contact with my colleagues in Florida, as well as in Virginia, and all of us are anxious to keep this case moving so that we can get it finished.

We have been here now for nine years in this particular aspect of the case, and it's time to resolve it one way or the other. So it's important that we keep in touch and moving it.

MS. EIKHOFF: Yes, Your Honor.
THE COURT: Thank you very much.
MS. DUGGAN: We appreciate the Court's patience. Thank you.

MR. RUSS HERMAN: Your Honor, I want to represent to the Court that Richard Serpe, who is the plaintiff lawyer master of the Virginia litigation, is present in court. I also want to acknowledge that your court-appointed facilitator,

Special Master Cal Mayo, is here, who has been involved in resolution of all issues.

THE COURT: He has. He has been very helpful, particularly in the early part of this litigation. I know he'll do a good job in the final part of it. I appreciate his work.

MR. RUSS HERMAN: I note that a number of attorneys are present who have not yet had opportunity to sign the sign-in sheet. It's here, and I'll ask them, after this, and Your Honor goes into recess, to sign the sheet.

I know that you have a matter afterwards. I don't know if Kerry Miller has a report?

MR. MILLER: (Witness shakes head negatively.)
THE COURT: No. Okay.
MR. RUSS HERMAN: I understand that Mr. Faircloth is in the courtroom and may want to address the Court.

MR. FAIRCLOTH: I have nothing to add, Your Honor.
THE COURT: Okay. Fine. Thank you very much.
MR. RUSS HERMAN: That, may it please the Court --
THE COURT: The next status conference, then, is July 25th, and the following one is August 21st. At 8:30, I'll meet with the parties.

I'm not trying to keep anybody from my meetings. The meetings early on, I try to have a brief meeting with liaison and lead counsel before the general meeting.

At that meeting, I just go over with them the agenda and insert some matters that I would like them to deal with in the agenda when it's taken up. I repeat everything that I've said in that meeting.

It's just a meeting that facilitates the general meeting. It's not intended to impart any information. It's simply facilitating it.

So I try to keep that as small as I can to make it more efficient. If I have everybody in that first meeting, then there is no reason to have a second meeting. I don't keep anything from anyone from the first meeting. It's just a facilitating meeting. That's the reason I try to limit it to small amounts.

Okay. We'll take a break here then for five minutes. Then I'll come back, and we'll deal with the class certification motion. The Court will stand in recess. THE DEPUTY CLERK: All rise. (WHEREUPON, at 9:18 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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