

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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IN RE INITIAL PUBLIC OFFERING :
SECURITIES LITIGATION :
 : Civil Action No. 21 MC 92 (SAS)
 :
This Document Relates To ALL CASES :
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**AFFIDAVIT OF STEPHEN J. CIRAMI REGARDING:
(A) DISTRIBUTION OF THE SETTLEMENT NOTICE
AND PROOF OF CLAIM FORMS; (B) PUBLICATION OF THE
SUMMARY NOTICE; AND (C) REPORT ON EXCLUSION REQUESTS RECEIVED**

STATE OF NEW YORK)
) ss.:
COUNTY OF SUFFOLK)

STEPHEN J. CIRAMI, being first duly sworn, deposes and says:

1. I am the Vice President of Operations for The Garden City Group, Inc. (“GCG”). GCG’s was retained by Plaintiffs’ Counsel to administer the proposed settlement of the above-captioned action. This Court’s Preliminary Order in Connection with Settlement Proceedings, dated June 11, 2009 (the “Preliminary Order”) approved GCG’s appointment as Claims Administrator herein. Pursuant to the Preliminary Order GCG has caused the Settlement Notice, Frontispieces, Proof of Claim forms and Instructions to be mailed to all Settlement Class Members who could be identified with reasonable effort. GCG has also caused a Summary Notice to be published in three newspapers and GCG has posted the Settlement Notice, and other documents, to be posted on an enhanced website. GCG has also received Requests for Exclusion. I make this affidavit to report on the mailing and publication of notice, and to report on the Exclusion Requests received. I have personal knowledge of the facts stated herein.

I. INTRODUCTION

2. GCG also served as the notice administrator¹ in this case, in connection with the prior proposed partial settlement that involved 298 issuers that was ultimately withdrawn. In connection with that prior proposed settlement, and pursuant to an August 31, 2005 order, GCG mailed more than 17 million notice packets to potential class members and nominee purchasers (collectively, the “2005 Mailing”). GCG’s efforts in connection with the 2005 Mailing were detailed in the Affidavit of Neil L. Zola, dated April 10, 2006, which was previously filed with the Court.

3. On April 1, 2009, the parties entered into the currently proposed \$586 million global settlement (the “Settlement”), which seeks to resolve 309 constituent lawsuits (the “Actions”) involving 309 issuers (the “Issuers”), and the 55 Underwriters responsible for their IPOs and their Subject Securities. Eleven of the Issuers (the “11 New Issuers”) were not included in the 2005 Settlement, but they are now parties to the proposed Settlement.

4. Under the Preliminary Order, GCG was required to help implement the terms of the Settlement in several different ways. First, GCG was required to mail to all known Class Members the Notice of Pendency and Proposed Global Settlement of 309 Class Actions, Motion for Approval of Settlement, Plan of Allocation, Attorneys’ Fees and Expenses, PSLRA Awards of Reimbursement of Representatives’ Time and Expenses and Settlement Fairness Hearing (the “Settlement Notice”) a Proof of Claim and Release form (the “Proof of Claim”), together with one or more appropriate cover pages or “Frontispieces” for each of the securities listed on Schedule 1 of the Settlement Notice (the “Subject Securities”) to Class Members indicated to have purchased such Subject Securities. The Settlement Notice, appropriate Frontispieces and

¹ The prior settlement did not involve a Proof of Claim.

Proof of Claim, together with the Instructions for Completing Your Proof of Claim (the “Instructions”), are collectively referred to herein as the “Claim Packets.” The Claim Packets were to be mailed to, among others, all persons that were mailed a notice packet in the 2005 Mailing and to all brokers and other non-defendant nominee recordholders (the “Nominees”). In addition, the Preliminary Order required GCG to cause the publication of the Summary Notice in certain news media, and to post the Settlement Notice and certain other specified documents on the case administration website. Finally, the Preliminary Order directed GCG to receive all requests for exclusion, receive and process Proof of Claim forms and respond to Class Member inquiries.

5. As described more fully below, GCG complied with each of the requirements in the Preliminary Order. GCG mailed more than seven million claim packets,² Those claim Packets included almost 14 million Frontispieces. Specific Frontispieces were included in a Claim Packet where information for the addressee indicated that the addressee may have purchased one or more of the particular Subject Securities.

6. In the process, GCG has also handled thousands of emails and telephone calls from Class Members and Nominees who sought information about the Settlement, guidance for filing claims and/or copies of Claim Packets.

II. PREPARATION FOR THE INITIAL MAILING OF THE 2009 CLAIM PACKETS

7. Pursuant to the Preliminary Order, by July 2, 2009, GCG was required to mail the Claim Packet to all potential Class Members who could be identified with reasonable effort. The term “Class Members” includes all persons and entities who purchased or otherwise acquired

² As discussed in detail below, GCG was able to consolidate certain duplicate name and address records prior to the 2009 mailing in this case.

one or more of the Subject Securities in the date ranges (the "Class Periods") set forth on Schedule 1 to the Settlement Notice.

8. In order to meet the July 2, 2009 mailing deadline, GCG undertook a multi-layered effort immediately after entry of the Preliminary Order: (1) collecting the names and addresses of potential Class Members to whom the documents would be sent, (2) formatting, typesetting and printing the documents to be mailed, (3) updating the toll-free hotline, (4) arranging for the publication of the summary notice, and (5) updating the administration website, including the creation of the web claim processing infrastructure for the same.

A. Preparing The Claim Packets

9. As noted above, the Claim Packet, which was mailed to all identified potential Class Members, included four documents: (i) the Settlement Notice; (ii) the Proof of Claim, (iii) the Instructions; and (iv) security-specific Frontispieces, to the extent Class Members' purchases were identified to GCG. A copy of a sample Claim Packet, including a sample Frontispiece, is attached hereto as Exhibit A.

10. The text of the Settlement Notice was provided to GCG by Plaintiffs' Executive Committee in Microsoft Word format. Upon receipt, GCG formatted the Settlement Notice and typeset it for printing. GCG also designed, formatted and typeset the Proof of Claim form and the Instructions. The formatting and typeset process required the text to be moved and the typeface font and size to be changed; therefore, it was crucial to proofread all documents carefully for consistency and accuracy. Once formatted, all documents were then circulated to Plaintiffs' Executive Committee for review, comment and, ultimately, approval. Any necessary changes were made and new documents were re-circulated. Due to the nature of these documents, as well as the number of counsel involved, multiple rounds of changes were made

prior to printing. Plaintiffs' Executive Committee reviewed proofs of each of these documents before authorizing the commencement of the printing of the Claim Packet.

11. The real complexity of the printing process, however, concerned the printing, personalization and coordinated assembly of the 309 Frontispieces. The Frontispieces, single-page documents printed on yellow paper, contained different text in a different layout than the Frontispieces used in the 2005 Mailing and therefore had to be created anew.

12. The Frontispieces were customized in two ways. First, each of the Frontispieces was crafted to contain specific information for each Subject Security. Each set forth, among other things, the name of the Subject Security, the applicable Class Period, the designated settlement amount for that security, the average estimated recovery and the average per share estimated fees and expenses.

13. Second, each Frontispiece was personalized with the name and address of a Class Member listed in GCG's database as having been a purchaser of that Subject Security. In addition, GCG programmatically assigned to each potential claimant a claim number and control number, which were also printed on their Frontispieces. Moreover, for each Class Member who was indicated to have purchased two or more Subject Securities, the template programmatically assembled a booklet containing a Frontispiece for every Subject Security believed to have been purchased by that Class Member. Class Members were instructed to use the claim and control numbers when filing claims by mail or on-line, to help promote efficient claims processing after claims were submitted.

14. Thus, rather than manually collating a Frontispiece for every security purchased, GCG was able to automate the printing process so that the correct, customized version of the Frontispiece was downloaded from a data file created by GCG. It took numerous drafts and a

great deal of programming time, as well as extensive quality control review, to insure that the necessary fields were printed on one sheet.

15. The process of assembling Claim Packets with appropriate Frontispieces was complex. The seven million identified potential Class Members had thousands of combinations or permutations of investments in the Subject Securities. More than two million Class Members were indicated to have each invested in two or more Subject Securities. More than one thousand Class Members were indicated to have each invested in more than 100 Subject Securities. The assembly process was designed to send one Claim Packet, including all appropriate Frontispieces for the Subject Securities purchased by the particular addressee in one mailing.

16. For those names and addresses which had been provided to GCG without any indication of which, if any, Subject Securities were purchased by the addressee, GCG mailed a Claim Packet with a yellow cover sheet with the name, address, claim number and control number, rather than a Frontispiece, to that addressee.

B. Collection of Class Member Names and Addresses

17. Another prong of GCG's pre-mailing efforts was the creation of the mailing database to be used for this Settlement, including the collection of additional names of potential Class Members, and a review of the 2005 Mailing's database. The Preliminary Order and the Court's Opinion and Order, dated June 10, 2009, provided that the 11 New Issuers were required to provide us with their transfer agent records; the Orders further provided that the underwriter defendants other than Lehman Brothers (the "Underwriter Defendants") were required to either (a) provide a list of the names and addresses of their clients who invested in the Subject Securities of the 11 New Issuers, so that GCG could mail Claim Packets to such beneficial owners, or (b) request copies of the Claim Packet for forwarding to their beneficial owners. Also pursuant to the Preliminary Order, non-defendant Nominees were similarly directed to provide

their investor's names, or to request copies of Claim Packets for forwarding by GCG. However, if Nominees had previously either provided names of potential Class Members or requested copies of notice packets in connection with the 2005 Mailing, they were then required to respond only with respect to the 11 New Issuers.

18. Thus, names and addresses of potential Class Members were available from, or could be gathered from, four sources: (1) GCG's database compiled in connection with the 2005 Mailing, (2) transfer agent records for the 11 New Issuers; (3) the Underwriter Defendants' lists of customers; and (4) GCG's proprietary database of Nominees. The steps GCG took with respect to each source are described below.

(i) GCG's Class Member Database.

19. As noted above, in connection with the 2005 Mailing, GCG created a database of the names and addresses of potential Class Members who purchased the securities of the original 298 Issuers. As a result of the prior mailing, GCG's database contained more than 16 million names and addresses of potential Class Members. After the Preliminary Order was entered, GCG undertook a detailed analysis of the database to consolidate duplicate records. We determined that the database contained approximately six million "unique" names and addresses of potential Class Members.

20. The process of removing duplicate records could not have been performed during the 2005 Mailing because the duplicates were the result of data being provided to GCG from multiple sources on a rolling, often piecemeal, basis. For example, GCG might have received data from an Underwriter Defendant about a Class Member's investment in a particular Subject Security; and later, after the initial 2005 Mailing to the Class Member had already been effected, another source, such as a different broker, might have provided information about an investment in a different Subject Security by the same Class Member. Thus, the data provided from the two

sources was not duplicative because each concerned different Subject Securities, but multiple entries were added to GCG's database for the same Class Member. Further, upon receipt of the additional record, GCG was required to mail to that Class Member again. In connection with the 2009 mailing, such multiple entries were consolidated into a single file for the Class Member, such that he, she or it received one Claim Packet including multiple Frontispieces.

21. In connection with the 2005 Mailing, some brokers and other nominee purchasers had requested that we send them bulk copies of the notice of pendency for forwarding to their clients (they chose not to disclose their client information). Those nominees were sent the same number of copies of the Claim Packet that they had requested in connection with the 2005 Mailing. However, while the Frontispieces sent to the nominees were customized with data for each Subject Security, the Frontispieces could not be personalized with Class Member information, as such information had not been provided to GCG.

(ii) **The Transfer Agent Records**

22. The second source of Class Member names and addresses were the New Issuers' transfer agents. Transfer agents generally provide the names of recordholders for each issuer's stock. In most cases, there are very few names that are derived from such records and collecting names from transfer agents is fairly routine.

23. Immediately after entry of the Preliminary Order, GCG conducted research as to the identity of the transfer agents of each of the New Issuers. In addition, on June 25, 2009, GCG received from Plaintiffs' Executive Committee a preliminary list of the transfer agents for the 11 New Issuers. Working with counsel, GCG determined that there were five different

transfer agents that possessed the applicable recordholder information; GCG further determined that two of the New Issuers did not have transfer agents.³

24. Beginning on June 23, 2009, on a rolling basis, GCG contacted the transfer agents it had identified to arrange for the receipt of the names and addresses of the recordholders who purchased the New Issuers' securities during the relevant Class Periods. In many cases, GCG made multiple telephone calls and sent multiple emails seeking the production of records, often in consultation with Plaintiffs' Executive Committee. A summary of the records received from the transfer agents is provided below.

(iii) The Underwriter Defendants' Records

25. The third source of Class Member names was the Underwriter Defendants. As noted above, the Preliminary Order directed all Underwriter Defendants either: (1) to supply to GCG with the names and addresses of beneficial owners of any of the Subject Securities of the 11 New Issuers; or (2) request from GCG copies of the Claim Packet to forward directly to their clients. One Underwriter Defendant that had requested bulk copies of the 2005 notice packet, this time chose instead to provide GCG with the names and addresses of its beneficiaries. Prior to the July 2, 2009 Initial Mailing, GCG incorporated that firm's Class Member data, which then needed to be checked for duplicate entries in GCG's database, as described above.

26. Accordingly, GCG worked with the Plaintiffs' Executive Committee during the weeks preceding and after the July 2, 2009 Initial Mailing to obtain records from the Underwriter Defendants.

³ GCG was advised that no transfer agent records exist for two of the New Issuers, Merrill Lynch B2B Holders and Internet Infrastructure Holders.

(iv) GCG's Proprietary Nominee Database

27. Fourth, Class Member names and addresses were solicited from the non-defendant Nominees. The Preliminary Order directed GCG to use reasonable efforts to give notice to Nominees whose clients and/or customers may have purchased a Subject Security during the relevant Class Period. In general, most investors hold their securities in "street name" through a nominee purchaser, such as their broker, and it is through these third party nominees that the vast majority of Class Members are usually identified in securities class actions. These "street name" securities owners are nominally registered to banks, brokers and other nominee purchasers and held by the nominees on behalf of the beneficial purchaser.

28. During its 25-year history of performing class action settlement administrations, GCG has built and maintained a proprietary database of the names and addresses of the largest nominees (the "Nominee Database"). This Nominee Database is continually monitored and updated as brokerage firms change addresses, go out of business and/or come into existence.

29. At the time of the July 2, 2009 Initial Mailing, GCG's Nominee Database contained 2,479 names and addresses of brokers and other nominees.

30. To further prepare for the July 2, 2009 Initial Mailing, GCG created a letter advising Nominees of the Settlement (the "Nominee Letter") and their obligations under the Preliminary Order. The Nominee Letter, which was approved by the Plaintiffs' Executive Committee, stated that pursuant to the Preliminary Order, within 20 days of receipt of the letter, Nominees were required to either (a) send GCG a list of customers who purchased Subject Securities during the applicable Class Periods or (b) request from GCG copies of the Claim Packet for forwarding to their clients. The Nominee Letter further advised that if the Nominee had previously responded in connection with the 2005 Mailing, the Nominee need only provide information as to the 11 New Issuers. The Nominee Letter, a copy of which is attached hereto as

Exhibit B, also included a sample file layout to demonstrate how Nominees should provide names and addresses to GCG.

III. THE INITIAL MAILING OF THE CLAIM PACKET

31. In preparation for the July 2, 2009 Initial Mailing, GCG created three data files. The first file contained the names and addresses of 5,807,915 unique potential Class Members that were identified through the now reduced database compiled by GCG in connection with the 2005 Mailing. Each of these names and addresses, together with the claim and control numbers described above, were preprinted directly onto Frontispieces or on personalized cover sheets.

32. The second file contained the names and addresses of the 19 Nominees and one Underwriter Defendant that previously requested copies of the Claim Packet for forwarding to Class Members in connection with the 2005 Mailing.

33. The third file contained the 2,479 names and addresses contained in GCG's Nominee Database. These 2,479 names and addresses were printed onto envelopes containing the Nominee Letter and a Claim Packet (together, the "Nominee Packet").

34. Thus, before the July 2, 2009 Initial Mailing, in total, GCG had gathered and prepared for mailing: (a) 5,807,915 Claim Packets to be sent to potential Class Members; (b) 29,483 Claim Packets requested by 20 brokers and other nominees for forwarding; and (c) 2,479 Broker Packets to be mailed to nominees – a total of 5,839,877 packets.

35. Due to the timeframe in which GCG was required to make the July 2, 2009 Initial Mailing, GCG used multiple venues to print and mail some seven million copies of each of the Settlement Notice, the Proof of Claim, Instructions and the nearly fourteen million Frontispiece pages. During the two weeks leading up to the July 2, 2009 Initial Mailing date, GCG worked closely with our print shop to produce sufficient copies of all of these documents, as well as prepare the Frontispieces for personalization. In light of the enormous volume of the mailing,