Lalo v. Apple, Inc et al

Doc. 45

TABLE OF CONTENTS

2				Page
3	PRELIMINARY STAT	EMENT		- 1 -
4	ARGUMENT			- 2 -
5	1	. Milb	perg Has Taken Steps to Expedite the Action	- 3 -
6 7		a.	Retained and Consulted with Leading Experts in the Field to Fully Investigate and Develop the Facts and Issues	- 3 -
8		b.	Initiated and Participated in Communications with All Counsel, including Counsel for Defendant Apple, and	. 3 -
9 10			Counsel for Other Plaintiffs in an Effort to Work Cooperatively and Efficiently	- 4 -
11		c.	Took Proactive Measures to Establish Document Management Protocols	- 4 -
12 13		d.	Continued Research and Preparation for Filing of the Consolidated Amended Complaint	- 5 -
14	2		perg Has Extensive Consumer and Other Complex Class on Experience	- 6 -
15	3	. Milb	perg's Knowledge of the Applicable Laws	- 7 -
16 17	4	. Milb Sign	perg Has Committed, and Will Continue to Commit, afficant Resources on Behalf of the Class	11 -
18	5	Lead	port for Milberg's Leadership and the Resulting Proposed dership Structure Are Additional Pertinent Facts Favoring Appointment Under Rule 23(g)(1)(B)	11 -
19	CONCLUSION			
20				
2122				
23				
24				
25				
26				
27				
28			i	

PLTF CHIU'S RECOMMENDATION THAT MILBERG LLP BE APPOINTED AS INTERIM CLASS COUNSEL, SUBMITTED PURSUANT TO COURT ORDER DATED MARCH 15, 2011,C.A. No. 5:10-cv-05878-LHK (PSG)

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TABLE OF AUTHORITIES FEDERAL CASES 5 Bobowski v. Clearwire, Corp., 6 Fink v. Time Warner Cable. 8 Four in One Co. v. SK Foods, L.P., No. 2:08-cv-03017, 2009 U.S. Dist. LEXIS 28657 (E.D. Cal. Mar. 19, 2009)......2 10 In re Air Cargo Shipping Servs. Antitrust Litig., 11 12 *In re DoubleClick Inc. Privacy Litigation*, 13 In re NVIDIA GPU Litigation, 15 In re Terazosin Hydrochloride Antitrust Litig., 16 17 Parkinson v. Hyundai Motor Am., 18 Thompson v. Apple, Inc., 19 20 Rodimer v. Apple, Inc., 21 22 Waudby v. Verizon Wireless Servs., LLC, 23 STATE CASES 24 Branick v. Downey Savings & Loan Association, 25 26 Messick v. Pioneer Electronics (USA), Inc., 27 28

Page(s)

PLTF CHIU'S RECOMMENDATION THAT MILBERG LLP BE APPOINTED AS INTERIM CLASS COUNSEL. SUBMITTED PURSUANT TO COURT ORDER DATED MARCH 15, 2011, C.A. No. 5:10-cv-05878-LHK (PSG) DOCS\550489v6

1 2	Mikhail v. Toshiba America Information Systems, Inc., No. BC 278163 (Cal. Super. Ct., Los Angeles Cnty. 2005)
3	Pioneer Electronics (USA) v. Superior Court, 40 Cal. 4th 360 (Cal. 2007)7
4 5	Pioneer Electronics (USA), Inc. v. Superior Court, No. S133794 (2006) (Chin, J.)9
6	FEDERAL STATUTES
7	18 U.S.C. § 2701 et seq8
8	STATE STATUTES
9	California Business and Professions Code §§ 17200 et seq., 17500 et seq
10	Consumer Legal Remedies Act, California Civil Code § 1750
11	Rules
12	FRCP 23(g)passim
13	
14	
15 16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
28	iii

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PRELIMINARY STATEMENT

Plaintiff Anthony Chiu ("Plaintiff" or "Mr. Chiu") respectfully submits this memorandum of law and the Declaration of Jeff S. Westerman ("Westerman Decl.") pursuant to the Court's Order issued on March 15, 2011 (Dkt. No. 36.), in support of his recommendation that Milberg be appointed Interim Class Counsel in the consolidated *In re iPhone Application Litigation*.

Pending before this Court are several actions filed on behalf of a class of iPhone users against Apple, Inc. ("Apple") and/or various iPhone application developers, including BackFlip, Dictionary.com, Pandora, Inc., The Weather Channel, Goggii, Inc., Pandora Media, Inc., Outfit7 Ltd., Room Candy, Inc., Sunstorm Interactive, Inc., Flurry, Inc., Medialets, Inc., Pinch Media, Inc., Quattro Wireless, Inc., and IAC/Interactive Corp. (the "App Defendants," collectively with Apple, "Defendants"). These actions allege the intentional transmission of the users' personal information to Internet tracking companies and other third parties without the users' knowledge or consent, in violation of federal and state laws, and in breach of Defendants' respective agreements with its users. On March 15, 2010, the Court consolidated the actions under the caption *In re iPhone Application Litigation*, No. CV-10-5875 LHK (PSG).

After the consolidation, the Court ordered plaintiffs to "use their best efforts to self-organize and recommend to the Court counsel to serve as Interim Class Counsel under FRCP 23(g)." (Dkt. No. 36, p. 4, Section II, 1.) Such efforts were made, with Milberg engaging in numerous conversations with Kamberlaw, LLP ("Kamberlaw"), and a related conversation with the other counsel in an attempt to reach agreement on a leadership structure. As of this filing, these efforts have not been successful at reaching a full agreement. Accordingly, Mr. Chiu now respectfully submits that the Court should appoint Milberg as Interim Class Counsel for the following reasons:

¹ The actions are: *Lalo v. Apple, Inc.*, No. 5:10-cv-05878 (N.D. Cal. filed Dec. 23, 2010); *Freeman v. Apple, Inc.*, No. 5:10-cv-05881 (N.D. Cal. filed Dec. 23, 2010); *Chiu v. Apple, Inc.*, No. 5:11-cv-00407 (N.D. Cal. filed Jan. 27, 2011); and *Rodimer v. Apple, Inc.*, No. 5:11-cv-00700 (N.D. Cal. filed Feb. 15, 2011).

² Defendant Apple moved on February 3, 2011, to have an action pending in the Western District of Arkansas (*Thompson v. Apple, Inc.*, No. 11-3009 (W.D. Ark.)) removed to this court (*See* Dkt. No. 30).

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- (i) Milberg extensively researched this action and consulted with an industry expert before filing Mr. Chiu's complaint, and has continued its development of the case in consultation with industry experts and in-house professionals;
- (ii) Milberg demonstrated leadership through the various measures detailed below that were undertaken to protect the Class's interests;
- (iii) Milberg has the extensive internal e-discovery tools and expertise that will contribute materially to the effective and efficient prosecution of a data-intensive Digital Age litigation such as this;
 - (iii) Milberg has a 40-year history of successfully prosecuting consumer class actions;
 - (iv) Milberg has substantial experience with privacy-related litigations such as this one;
- (v) Milberg has had an established California office and the firm has the resources and staying power required to obtain the best results for the class; and
 - (vi) Milberg otherwise meets the criteria for Rule 23(g).

As the alternative to appointing Milberg as sole-interim counsel, the Court should appoint the firms Milberg and Kamberlaw as Co-Interim Class Counsel. We are willing to form an executive committee as lead counsel, or in consultation with Mr. Kamber as Co-Lead counsel.

ARGUMENT

I. MILBERG SHOULD BE APPOINTED INTERIM CLASS COUNSEL

A. Legal Standards for Appointment Under Rule 23(g)

Appointment of Interim Class Counsel is governed by Rule 23(g)(3). While neither Rule 23(g) nor the Advisory Committee Notes to the Rule explicitly set forth the standards to be applied in choosing Interim Class Counsel, courts have held that the same factors that apply in choosing class counsel at the class certification stage apply in choosing interim class counsel. *See Four in One Co. v. SK Foods, L.P.*, No. 2:08-cv-03017, 2009 U.S. Dist. LEXIS 28657, at *7-8 (E.D. Cal. Mar. 19, 2009) ("Courts have held that the same standards applicable to choosing class counsel at the time of class certification apply in choosing interim class counsel.") (quoting *In re Air Cargo Shipping Servs. Antitrust Litig.*, 240 F.R.D. 56, 57 (E.D.N.Y. 2006)); *see also Waudby v. Verizon Wireless Servs., LLC*, 248 F.R.D. 173, 175 (D.N.J. 2008); *Parkinson v. Hyundai Motor Am.*, No.

SACV 06-345, 2006 U.S. Dist. LEXIS 59055, at *6 (C.D. Cal. Aug. 7, 2006) ("Rule 23(g) provides criteria to consider when appointing class counsel, without distinguishing interim counsel. Presumably the same factors apply, however").

Fed. R. Civ. P. 23(g)(1)(A) specifies that in appointing class counsel the court must consider:

- (i) the work counsel has done in identifying or investigating potential claims in the action;
- (ii) counsel's experience in handling class actions, other complex litigation, and the types of claims asserted in the action;
- (iii) counsel's knowledge of the applicable law; and
- (iv) the resources that counsel will commit to representing the class.

B. Milberg Meets The Requirements of Rule 23(g)(1)(A)

Milberg satisfies the requirements of Rule 23(g), and its experience in leading consumer class action lawsuits, including actions that involve privacy matters, renders it particularly well suited for the role of interim class counsel under the four Rule 23(g)(1)(A) factors. In addition, it has extensively investigated this case and has already consulted with industry expert Peter Eckersley of the Electronic Freedom Foundation, a leading consumer privacy rights watchdog to analyze the devices that are the subject of the consolidated action.

1. Milberg Has Taken Steps to Expedite the Action

Milberg has been at the forefront of this litigation from the outset, aggressively identifying and developing the factual and legal predicates required to achieve the best result for the class. *See* Fed. R. Civ. P. 23(g)(1)(A)(i). Milberg has accomplished a great deal even at this early stage of the litigation:

a. Retained and Consulted with Leading Experts in the Field to Fully Investigate and Develop the Facts and Issues

Before filing Mr. Chiu's complaint, Milberg worked with Peter Eckersley, a top expert in the Internet privacy field, who analyzed the mechanisms through which Apple unlawfully disclosed to third parties the personally identifiable information at issue in this litigation. (Westerman Decl. ¶ 3.) Mr. Eckersley is Senior Staff Technologist for the Electronic Frontier Foundation, a

 pioneering public interest non-profit foundation dedicated to defending digital rights. (Westerman Decl. Ex. A: Curriculum Vitae of Peter Eckersley.)

b. Initiated and Participated in Communications with All Counsel, including Counsel for Defendant Apple, and Counsel for Other Plaintiffs in an Effort to Work Cooperatively and Efficiently

Even prior to the Court's Order, Milberg reached out, responded, and built constructive relationships among all plaintiffs' counsel, as well as with Apple's counsel, in an effort to expedite the coordination and consolidation of these cases. Such efforts include working with counsel for all parties, including Defendant Apple, to agree upon and draft the stipulation and order consolidating the related cases, and adopting a preliminary case management order setting forth guidelines as to organization of plaintiffs' counsel, filing of pleadings, and status conference, which the Court approved and so ordered on March 15, 2011. Milberg also communicated with counsel for Apple to discuss the parties' document preservation obligations in an effort to ensure that relevant documents are properly preserved during the litigation. (*See* Westerman Decl. Ex. B: Milberg Correspondence with counsel for Apple.)

c. Took Proactive Measures to Establish Document Management Protocols

In a case in which the main allegations concern the misuse of electronic data, taking forward-looking measures to establish appropriate protocols for the handling of such evidence is of utmost importance to achieving a benefit for putative Class members.

To prepare for discovery, Milberg's attorneys and the firm's in-house litigation support professionals have already met and conferred to discuss which software programs and litigation support tools would be best-suited for litigation against a large technologically advanced company such as Apple, Inc. and the other Defendants, utilizing its in-house e-discovery capabilities to the benefit of the Class. Milberg's exceptional internal resources with respect to litigation support tools and management systems will add a significant benefit to the e-discovery of this litigation. (Westerman Decl. ¶ 4.)

Milberg is a recognized leader in the field of e-discovery. (*See* Westerman Decl. Ex. C: Milberg e-discovery brochure.) The firm's in-house Litigation Support Department (established

about a decade ago) has enabled the firm to go toe-to-toe with its adversaries when tackling challenges presented by the evolution of electronically stored information, also known as ESI. Milberg's well-established e-discovery infrastructure allows the firm to rapidly adapt to the expanding work in the field, often leading the industry in e-discovery advancements. Milberg's internal capabilities include access to an experienced team of litigation support professionals who offer a wide array of services such as: developing legal strategies and plans for pursuing and responding to discovery, shaping data preservation, spoliation and data collection issues, controlling data, managing data, and conducting computer forensic analysis. Milberg also has a state-of-the-art e-discovery infrastructure that supports the firm's rapidly expanding work in the field, allowing it to host innovative document review tools such as RelativityTM and cutting edge document hold management systems such as Method; and the capability to run advanced software such as analytical document review software Cataphora; analytic index engine Content Analyst (which allows grouping of documents and predictive coding); deposition digest program LiveNote; case analysis and complex litigation organization tool Casemap; and other more traditional document review programs such as Summation and Concordance; among many others.

Milberg's in-house e-discovery team is headed by Milberg partner Ariana J. Tadler, who serves on the Sedona Conference's® Business Advisory Board, and is also Co-Chair of the Steering Committee for Working Group I on Electronic Document Retention and Production, the leading "think tank" on e-discovery. Ms. Tadler is also on the Advisory Board of Georgetown University Law Center's Advanced E-Discovery Institute. Among the first plaintiffs' firms in the country to assemble and train a dedicated team of lawyers and litigation support professionals to meet the e-discovery demands of major national litigation, Milberg has developed e-discovery capabilities exceptional among U.S. law firms. The firm's e-discovery team has been retained even in actions in which Milberg is not directly involved as counsel, including assisting in the management of international discovery in Colombia on behalf of many Departments of the Colombian government.

d. Continued Research and Preparation for Filing of the Consolidated Amended Complaint.

Milberg has commenced preparation of a consolidated amended complaint with the

understanding that once the Court appoints Interim Class Counsel, a Consolidated Amended Complaint is to be filed within twenty-one (21) days of these cases being the appointment of Interim Class Counsel (*see* Dkt. No. 36, March 15 Order at Section III). Proposed Interim Class Counsel is undertaking these efforts now so that this litigation will be positioned to move forward on the merits as quickly as practicable. Westerman Decl. ¶ 5.

These above actions demonstrate Milberg's continued commitment to investigating and aggressively prosecuting this class action on behalf of Plaintiff Chiu and the other class members.

2. Milberg Has Extensive Consumer and Other Complex Class Action Experience

Milberg has for decades represented plaintiffs in class actions and complex litigation in the fields of consumer protection, privacy, securities, shareholder rights, and mass torts, achieving recoveries of more than \$55 billion since the firm's inception. See Westerman Decl., Ex. ____D_(firm résumé). The legal community has long recognized Milberg's outstanding results in these areas.

In both 2010 and 2009, the *National Law Journal* acknowledged Milberg's "exemplary, cutting-edge work" by including the firm in its prestigious 2010 Plaintiffs' Hot List. (*See* Westerman Decl. Ex. D: Plaintiffs' Hot List 2010 and 2009.) Milberg is consistently ranked at the top of the field of securities litigation by RiskMetrics Group's Securities Class Action Services ("SCAS"). On March 21, 2011, SCAS ranked Milberg as one of the top firms with settlements totaling approximately \$137.5 million achieved in 2010, and also recognized Milberg as one of the top-five firms in the nation for number of settlements achieved (nine), in its "Top SCAS 50 for 2010" list. Milberg had previously been recognized by SCAS for top lead counsel participation with 28 total settlements in the top 100 securities class action settlements of all time. The previous SCAS report for 2009 ranked Milberg as one of the top-50 plaintiffs' firms with settlements totaling \$1.44 billion and averaging \$144 million per settlement, and also recognized Milberg as one of the top-five firms in the nation for number of settlements achieved (ten). (*See* Westerman Decl. Ex. F: SCAS Reports.) In 2010, *Law360* selected Milberg as one of its "plaintiff-side securities firms of the year," citing the firm's \$586 million recovery in the Initial Public Offering litigation, among other significant accomplishments. (*See* Westerman Decl. Ex. G: "Plaintiffs Securities Firms Of

The Year," *Law360*, Jan. 1, 2010.)

As reported by *Law360* in September 2010, Milberg was one of the few plaintiffs' law firms recognized as an "awesome opponent" in a survey of corporate counsel conducted for BTI Consulting Group's 2011 Litigation Outlook report. The survey, which questioned 240 corporate counsel about which firms they feel are the most formidable litigation opponents, revealed that corporate counsel view Milberg as "[one of the law firms] they prefer to steer clear of in litigation."

Milberg has successfully prosecuted a number of consumer class actions in this District and other California courts, including: *In re NVIDIA GPU Litigation*, No. C 08-04312 (N.D. Cal. 2010) (settlement for repair or replacement of computers); *Messick v. Pioneer Electronics (USA), Inc.*, No. BC 323499 (Cal. Super. Ct. Los Angeles Cnty. 2007.) (settlement for new firmware upgrade or refund of monies previously paid for said upgrades); and *Mikhail v. Toshiba America Information Systems, Inc.*, No. BC 278163 (Cal. Super. Ct., Los Angeles Cnty. 2005) (settlement for payment or voucher for defective laptop computer).

Milberg's California partners on this case, Jeff S. Westerman and Sabrina S. Kim, are well-qualified to lead it. Mr. Westerman oversees the *Nvidia GPU Litigation* which received final settlement approval in December 2010, and as reflected in his accompanying biography, is active in complex litigation in California and moderates and speaks on panels of lawyers and judges on the topic as the Chair of the Complex Court Symposium Program. (*See* Westerman Decl. Ex. H: Complex Court Symposium.) Ms. Kim is a former California Deputy Attorney General for the Consumer Law Section and has extensive experience in public and private prosecution of consumer actions. Ms. Kim, along with Mr. Westerman, were two of the principal attorneys responsible for two major California Supreme Court cases (both 7-0) involving consumer rights and class action procedure: *Pioneer Electronics (USA) v. Superior Court (Olmstead)*, 40 Cal. 4th 360 (Cal. 2007); *Branick v. Downey Savings & Loan Association*, 39 Cal. 4th 235 (Cal. 2006).

With more than 40 years of experience litigating hundreds of complex litigation actions, Milberg is well qualified to serve as Interim Class Counsel.

3. Milberg's Knowledge of the Applicable Laws

Many courts consider this component as the most important Rule 23(g) factor. See, e.g., In

re Terazosin Hydrochloride Antitrust Litig., 220 F.R.D. 672, 702 (S.D. Fla. 2004) (the "most persuasive" factor in choosing lead counsel pursuant to Rule 23(g) is proposed counsel's "experience in, and knowledge of, the applicable law in [the] field"). Milberg has successfully litigated many cases involving claims that are alleged here, including SCA, 18 U.S.C. § 2701 et seq.; California Business and Professions Code §§ 17200 et seq., 17500 et seq.; Consumer Legal Remedies Act, California Civil Code § 1750; Conversion; Unjust Enrichment; Breach of Contract; Breach of Implied Covenant of Good Faith and Fair Dealing; and Common Law Invasion of Privacy.

Milberg has contributed significantly to the development and progression of Internet privacy litigation. Milberg served as Co-Lead Settlement Counsel in an early privacy class action against DoubleClick in 2000, which alleged that the company had placed web cookies on computer hard drives of Internet users who accessed DoubleClick-affiliated web sites, in violation of three federal laws: the Stored Communications Act ("SCA"), the Wiretap Statute, and the Computer Fraud and Abuse Act. *In re DoubleClick Inc. Privacy Litigation*, Master File No. 00-CIV-0641 (NRB) (S.D.N.Y.). The case settled, and as a part of the settlement agreement negotiated by Milberg and other plaintiffs' counsel, DoubleClick agreed to explain its privacy policy in "easy-to-read" language; conduct a public information campaign consisting of 300 million banner ads inviting consumers to learn more about protecting their privacy; and institute data purging and opt-in procedures among other requirements. Milberg was instrumental in settling that privacy class action and coordinated with 31 plaintiffs' law firms that represented plaintiffs. Messrs. Sanford P. Dumain and Peter E. Seidman are also litigating a similar privacy case relating to the unauthorized transmission of personal identifiable information ("PII") to third parties against MySpace, Inc.

Milberg has also been involved in the following Digital Age consumer class actions:

• *In re NVIDIA GPU Litigation*, No. 08-04312-JW (N.D. Cal.) Milberg served as Lead Interim Counsel in this consumer class action on behalf of purchasers of notebook computers containing defective NVIDIA GPUs. The complaint alleged that NVIDIA GPUs were fundamentally flawed in their design and/or manufacture, causing them to crack and rendering the notebooks inoperable. On

December 20, 2010, the Honorable James Ware of this District entered a final judgment approving the settlement providing for repair or replacement of the notebooks. The case was resolved efficiently, with only two motion-to-dismiss hearings (the second of which included the class certification hearing); a couple of status conferences; and discovery was completed with only one motion to compel defendant's documents, which related to privilege and work product issues, and was resolved in plaintiffs' favor.

Pioneer Electronics (USA), Inc. v. Superior Court, No. S133794 (2006) (Chin, J.). Milberg was responsible for successfully petitioning the California Supreme Court and drafted all briefing on behalf of petitioner in this consumer class action brought on behalf of purchasers of allegedly defective DVD players. Because the implications of the appellate court decision were so far-reaching -- potentially limiting discovery of witness contact information in a wide variety of cases, whether they be civil or criminal, individual or class actions, and regardless of whether such information is sought by prosecutors, plaintiffs, or defendants -numerous amici curiae weighed in, including the California Attorney General (in support of review), the California District Attorneys Association, the Consumer Attorneys of California, the Impact Fund on behalf of several, leading non-profit organizations in California, and the (plaintiff) Employment Lawyers Association. In this consumer class action, Pioneer had produced complaints from several hundred customers, but redacted the customers' contact information. Plaintiff moved to compel the customer contact information and Pioneer opposed, asserting that the contact information was protected from discovery by the privacy rights of class members. The trial court ordered Pioneer to send a letter to the customers, advising them of the litigation, and notifying them that their contact information would be disclosed to plaintiff unless they affirmatively requested otherwise. The Supreme Court upheld the trial court's order, finding that Pioneer had not demonstrated either that its customers entertained a

reasonable expectation of privacy in their contact information or that release of the contact information would be a serious invasion of privacy. Even if Pioneer had made that showing, the Court continued, the trial court could reasonably conclude that plaintiff's interest in obtaining contact information about prospective class members outweighed those privacy interests. This is the first case in California, if not the country, to recognize that victimized consumers "might reasonably expect, and even hope, that their names and addresses would be given to any such class action plaintiff." Jeff Westerman argued the case before the California Supreme Court. Sabrina Kim was on the brief.

- *Fink v. Time Warner Cable*, No. 08 Civ. 9628 (S.D.N.Y.). Milberg initiated this action in the Southern District of New York, alleging that wireless Internet service provider, Time Warner Cable, made false statements about the speed and capacity of its Internet service, promising consumers an "always-on connection" at a "blazing speed" that is the "fastest, easiest way to get online," but then "throttling," or limiting, its subscribers' Internet access and engaging in other practices to delay and/or block altogether certain Internet communications, thereby improperly preventing the free flow of online information otherwise accessible to subscribers. This case is in active litigation.
- bobowski v. Clearwire, Corp., No. C10-1859 JLR (W.D. Wash.). Milberg initiated litigation in the Western District of Washington alleging that wireless Internet service provider, Clearwire, made false statements about the speed and capacity of its Internet service, promising consumers "unlimited, high speed" Internet, but subsequently imposing a hidden "cap" on usage. The complaint alleges that once users exceed the undisclosed cap, Clearwire deliberately slows their Internet speeds, depriving them of the high-speed Internet access for which they paid. In addition, Clearwire imposes an early termination fee, such that users who have been "capped" cannot cancel their service without paying an additional fee. This case is in active litigation.

As a result of Milberg's experience in a broad array of privacy and technology cases, Milberg has an excellent command of the underlying technology, claims, and legal theories at issue.

4. Milberg Has Committed, and Will Continue to Commit, Significant Resources on Behalf of the Class.

As noted, Milberg has already expended resources to benefit the litigation. It will continue to do so. Complex litigation often hinges on obtaining pre-discovery facts to support allegations of wrongdoing, or to correctly analyze and organize discovery materials. From the firm's experience, outsourcing of these services, which numerous other firms do in whole or in part, is less efficient and more expensive, to the detriment of the client. Milberg's non-attorney, in-house professionals have been critical to the firm's ability to achieve excellent results for its clients. Such professionals include seven in-house investigators (who are managed by a 27-year veteran of the Federal Bureau of Investigation), two forensic accountants, two financial analysts, four litigation support analysts and eleven information technology technicians and engineers. Milberg has the capital and human resources necessary to prosecute this complex litigation for as long as it takes to achieve the best recovery for the class. *See* Fed. R. Civ. P. 23(g)(1)(A)(ii).

The firm's recent trial victory in *In re Vivendi Securities, S.A. Litigation* in the Southern District of New York exemplifies Milberg's commitment to its clients and ability to match the resources of well-heeled defendants for as long as necessary. (*See* Westerman Decl. Ex. I: Vivendi.) In early 2010, Milberg, as trial counsel in the four-month *Vivendi* jury trial, won a plaintiffs' verdict in a securities class action against French media conglomerate Vivendi, S.A. Milberg, with co-counsel, had litigated the case since 2002. The litigation involved a review of more than 4 million pages of documents, many of which had to be translated from French, and depositions of over 60 witnesses, many of which occurred overseas. Milberg is ready to commit the similar resources of capital, personnel, and time to this litigation.

5. Support for Milberg's Leadership and the Resulting Proposed Leadership Structure Are Additional Pertinent Facts Favoring Its Appointment Under Rule 23(g)(1)(B).

The proposed leadership structure has the support of consumer class action law firm, Reese Richman LLP. Reese Richman LLP is prepared to work under the leadership of Milberg to comply

1 2 3 4 5 6 7	MILBERG LLP SANFORD P. DUMAIN PETER E. SEIDMAN ANDREI V. RADO ANNE MARIE VU (SBN 238771) One Pennsylvania Plaza, 49th Floor New York, NY 10119 Telephone: (212) 594-5300 Facsimile: (212) 868-1229 E-mail: sdumain@milberg.com pseidman@milberg.com arado@milberg.com avu@milberg.com
8	Attorneys for Plaintiff
9	REESE RICHMAN LLP MICHAEL R. REESE (SBN 206773)
10	KIM RICHMAN 875 Avenue of the Americas, 18th Floor
11	New York, NY 10001 Telephone: (212) 579-4625
12	Facsimile: (212) 253-4272 E-mail: mreese@reeserichman.com
13	krichman@reeserichman.com
14	Attorneys for Plaintiff
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DECLARATION OF SERVICE BY CM/ECF AND/OR MAIL

I, the undersigned, declare:

- 1. That declarant is and was, at all times herein mentioned, employed in the County of Los Angeles, over the age of 18 years, and not a party to or interest in the within action; that declarant's business address is One California Plaza, 300 South Grand Avenue, Suite 3900, Los Angeles, California 90071-3149.
- 2. Declarant hereby certifies that on March 25, 2011, declarant served PLAINTIFF CHIU'S RECOMMENDATION THAT MILBERG LLP BE APPOINTED AS INTERIM CLASS COUNSEL, SUBMITTED PURSUANT TO COURT ORDER DATED MARCH 15, 2011, by electronically filing the foregoing document listed above by using the Case Management/ Electronic Case filing system.
 - 3. Declarant further certifies:
- All participants in the case are registered CM/ECF users and that service will be accomplished by the court's CM/ECF system
- Participants in the case who are registered CM/ECF users will be served by the court's CM/ECF system. Participants in the case that are not registered CM/ECF users will be served by First-Class Mail, postage pre-paid or have dispatched to a third-party commercial carrier for delivery to the non-CM/ECF participants as addressed and listed below:

Michael L. Charlson HOGAN LOVELLS US LLP 525 University Avenue 4th Floor Palo Alto, California 94301 P: 650.463.4000 F: 650.463.4199 michael.charlson@hoganlovells.com Howard S. Caro HOGAN LOVELLS US LLP 4 Embarcadero Center 22nd Floor San Francisco, California 94111 P: 415.374.2300 F: 415.374.2499

howard.caro@hoganlovells.com

4. That there is a regular communication by mail between the place of mailing and the places so addressed.

1	I declare under penalty of perjury that the foregoing is true and correct. Executed this 25th
2	day of March, 2011, at Los Angeles, California.
3	A A A A A A A B A B B B B B B B B B B
4	Ceville Chaffins
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