

The Honorable Marsha J. Pechman

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UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

IN RE COINSTAR INC. SECURITIES  
LITIGATION  
  
This Document Relates To:  
The Securities Class Action

Case No. C11-133 MJP

**PRELIMINARY APPROVAL ORDER  
PROVIDING FOR NOTICE AND  
HEARING IN CONNECTION WITH  
PROPOSED CLASS ACTION  
SETTLEMENT**

WHEREAS, on February 13, 2012, the Employees' Retirement System of the State of Rhode Island ("Lead Plaintiff"), on behalf of itself and the Class, and Coinstar, Inc. ("Coinstar" or the "Company"), Paul Davis and J. Scott Di Valerio (the "Individual Defendants, and together with Coinstar, "Defendants") entered into a Stipulation and Agreement of Settlement (the "Stipulation") in the above-titled litigation (the "Action"), which is subject to review under Rule 23 of the Federal Rules of Civil Procedure and which, together with the exhibits thereto, sets forth the terms and conditions of the proposed settlement of the

ORDER FOR PRELIMINARY APPROVAL OF CLASS  
ACTION SETTLEMENT, APPROVAL OF NOTICE AND  
SCHEDULING OF SETTLEMENT HEARING  
C11-133 MJP

1 claims alleged in the Consolidated Amended Complaint (“Complaint”) against Defendants on  
2 the merits and with prejudice (the “Settlement”); and the Court having read and considered the  
3 Stipulation and the accompanying exhibits; and the Parties to the Stipulation having consented  
4 to the entry of this Order;

5 NOW, THEREFORE, IT IS HEREBY ORDERED, this 9th day of April, 2012 that:

6 1. The Court has reviewed the Stipulation and preliminarily finds the Settlement  
7 set forth therein to be fair, reasonable and adequate, subject to further consideration at the  
8 Settlement Hearing described below. This Order incorporates by reference the definitions in  
9 the Stipulation, and all capitalized terms used in this Order that are not otherwise defined herein  
10 shall have the same meanings as set forth in the Stipulation.

11 2. Pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure, the  
12 Court hereby preliminarily certifies, for the purposes of the Settlement only, the Action as a  
13 class action on behalf of all Persons who purchased the common stock of Coinstar from  
14 October 29, 2010 to February 3, 2011, inclusive, and who were allegedly damaged thereby.  
15 Excluded from the Class are: Defendants; the officers or directors of Coinstar during the Class  
16 Period; members of the immediate family of any officer or director of Coinstar during the Class  
17 Period; the legal representatives, heirs, successors or assigns of any officer or director of  
18 Coinstar during the Class Period; any entity in which Defendants have or had a controlling  
19 interest; and any person or entity who timely and validly seeks exclusion from the Class.

20 3. The Court preliminarily finds and concludes that the prerequisites of class action  
21 certification under Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedures have been  
22 satisfied for the Class defined herein and for the purposes of the Settlement only, in that:

23 (a) the members of the Class are so numerous that joinder of all Class  
24 Members is impracticable;

25 (b) there are questions of law and fact common to the Class Members;

26 (c) the claims of Lead Plaintiff are typical of the Class’s claims;

1 (d) Lead Plaintiff and Lead Counsel have fairly and adequately represented  
2 and protected the interests of the Class;

3 (e) the questions of law and fact common to Class Members predominate  
4 over any individual questions; and

5 (f) a class action is superior to other available methods for the fair and  
6 efficient adjudication of the controversy, considering that the claims of Class Members in the  
7 Action are substantially similar and would, if tried, involve substantially identical proofs and  
8 may therefore be efficiently litigated and resolved on an aggregate basis as a class action; the  
9 amounts of the claims of many of the Class Members are too small to justify the expense of  
10 individual actions; and it does not appear that there is any interest among Class Members in  
11 individually controlling the litigation of their claims.

12 4. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for the  
13 purposes of the Settlement only, Lead Plaintiff is preliminarily certified as Class Representative  
14 for the Class, the law firm of Labaton Sucharow LLP is preliminarily appointed Class Counsel  
15 for the Class, and Zwering, Schachter & Zwering, LLP is preliminarily appointed Liaison  
16 Counsel for the Class.

17 5. A hearing (the "Settlement Hearing") pursuant to Rule 23(e) of the Federal  
18 Rules of Civil Procedure is hereby scheduled to be held before the Court on August 10, 2012,  
19 at 9:00 a.m., in Courtroom 14206 for the following purposes:

20 (a) to determine whether the proposed Settlement is fair, reasonable and  
21 adequate, and should be approved by the Court;

22 (b) to determine whether the proposed Final Order and Judgment  
23 ("Judgment") as provided under the Stipulation should be entered, and to determine whether  
24 the release by the Class of the Released Claims, as set forth in the Stipulation, should be  
25 provided to the Released Defendant Parties;

1 (c) to determine, for purposes of the Settlement only, whether the Class  
2 should be finally certified; whether Lead Plaintiff should be finally certified as Class  
3 Representative for the Class; and whether the law firm of Labaton Sucharow LLP should be  
4 finally appointed as Class Counsel and Zwerling, Schachter & Zwerling, LLP as Liaison  
5 Counsel for the Class;

6 (d) to determine whether the proposed Plan of Allocation for the Net  
7 Settlement Fund is fair and reasonable and should be approved by the Court;

8 (e) to consider Lead Counsel's application for an award of attorneys' fees  
9 and reimbursement of litigation expenses (which may include an application for an award to  
10 Lead Plaintiff for reimbursement of its reasonable costs and expenses directly related to its  
11 representations of the Class); and

12 (f) to rule upon such other matters as the Court may deem appropriate.

13 6. The Court reserves the right to approve the Settlement with or without  
14 modification and with or without further notice of any kind. The Court further reserves the  
15 right to enter the Judgment approving the Settlement regardless of whether it has approved the  
16 Plan of Allocation or awarded attorneys' fees and/or expenses. The Court may also adjourn the  
17 Settlement Hearing or modify any of the dates herein without further notice to members of the  
18 Class.

19 7. The Court approves the form, substance and requirements of the Notice of  
20 Pendency of Class Action and Proposed Settlement and Motion for Attorneys' Fees and  
21 Expenses (the "Notice") and the Proof of Claim and Release form ("Proof of Claim"),  
22 substantially in the forms annexed hereto as Exhibits 1 and 2, respectively.

23 8. The Court approves the retention of The Garden City Group, Inc. as the Claims  
24 Administrator. The Claims Administrator shall cause the Notice and the Proof of Claim,  
25 substantially in the forms annexed hereto, to be mailed, by first-class mail, postage prepaid, on  
26 or before ten (10) business days after the date of entry of this Order ("Notice Date"), to all  
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1 Class Members who can be identified with reasonable effort. Coinstar, to the extent it has not  
2 already done so, shall provide, or cause to be provided, to Lead Counsel or the Claims  
3 Administrator, at no cost to Lead Plaintiff, Lead Counsel, the Class or the Claims  
4 Administrator, lists obtained from Coinstar's stock transfer agent of the names and addresses of  
5 Coinstar's registered shareholders during the Class Period within seven (7) calendar days of  
6 entry of this Order.

7 9. The Claims Administrator shall use reasonable efforts to give notice to nominee  
8 purchasers such as brokerage firms and other persons or entities who purchased the publicly  
9 traded securities of Coinstar during the Class Period. Such nominee purchasers are directed,  
10 within seven (7) calendar days of their receipt of the Notice, to either: (i) provide the Claims  
11 Administrator with lists of the names and last known addresses of the beneficial owners, and  
12 the Claims Administrator is ordered to send the Notice and Proof of Claim promptly to such  
13 identified beneficial owners by first-class mail, or (ii) request additional copies of the Notice  
14 and Proof of Claim, and within seven (7) calendar days of receipt of such copies send them by  
15 first-class mail directly to the beneficial owners. Nominee purchasers who elect to send the  
16 Notice and Proof of Claim to their beneficial owners shall also send a statement to the Claims  
17 Administrator confirming that the mailing was made as directed. Additional copies of the  
18 Notice shall be made available to any record holder requesting such for the purpose of  
19 distribution to beneficial owners, and such record holders shall be reimbursed from the  
20 Settlement Fund, after receipt by the Claims Administrator of proper documentation, for their  
21 reasonable expenses actually incurred in sending the Notices and Proofs of Claim to beneficial  
22 owners.

23 10. The Claims Administrator shall also post the Notice and Proof of Claim on its  
24 website. Lead Counsel shall, at or before the Settlement Hearing, file with the Court proof of  
25 mailing and posting of the Notice and Proof of Claim.

1           11.     The Court approves the form of the Summary Notice of Pendency of Class  
2 Action and Proposed Settlement and Motion for Attorneys' Fees and Expenses (the "Summary  
3 Notice") substantially in the form annexed hereto as Exhibit 3, and directs that Lead Counsel  
4 cause the Summary Notice to be published in *Investor's Business Daily* and transmitted over  
5 *PR Newswire* within fourteen (14) calendar days of the Notice Date. Lead Counsel shall, at or  
6 before the Settlement Hearing, file with the Court proof of publication of the Summary Notice.

7           12.     The form and content of the notice program described herein, and the methods  
8 set forth herein of notifying the Class of the Settlement and its terms and conditions, meet the  
9 requirements of Rule 23 of the Federal Rules of Civil Procedure, Section 21D(a)(7) of the  
10 Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(a)(7), as amended by the Private  
11 Securities Litigation Reform Act of 1995 (the "PSLRA"), and due process, constitute the best  
12 notice practicable under the circumstances, and shall constitute due and sufficient notice to all  
13 persons and entities entitled thereto.

14           13.     In order to be eligible to receive a distribution from the Net Settlement Fund, in  
15 the event the Settlement is effected in accordance with the terms and conditions set forth in the  
16 Stipulation, each Class Member shall take the following actions and be subject to the following  
17 conditions:

18                 (a)     A properly executed Proof of Claim, substantially in the form annexed  
19 hereto as Exhibit 2, must be submitted to the Claims Administrator, at the address indicated in  
20 the Notice, postmarked no later than 120 calendar days after the Notice Date. Such deadline  
21 may be further extended by Court order or by Lead Counsel in their discretion. Each Proof of  
22 Claim shall be deemed to have been submitted when postmarked (if properly addressed and  
23 mailed by first-class mail, postage prepaid) provided such Proof of Claim is actually received  
24 prior to the motion for an order of the Court approving distribution of the Net Settlement  
25 Fund. Any Proof of Claim submitted in any other manner shall be deemed to have been  
26 submitted when it was actually received at the address designated in the Notice. Any Class  
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1 Member who does not timely submit a Proof of Claim within the time provided for shall be  
2 barred from sharing in the distribution of the Net Settlement Fund, unless otherwise ordered  
3 by the Court.

4 (b) The Proof of Claim submitted by each Class Member must satisfy the  
5 following conditions, unless otherwise ordered by the Court: (i) it must be properly completed,  
6 signed and submitted in a timely manner in accordance with the provisions of the preceding  
7 subparagraph; (ii) it must be accompanied by adequate supporting documentation for the  
8 transactions reported therein, in the form of broker confirmation slips, broker account  
9 statements, an authorized statement from the broker containing the transactional information  
10 found in a broker confirmation slip, or such other documentation as is deemed adequate by  
11 Lead Counsel; (iii) if the person executing the Proof of Claim is acting in a representative  
12 capacity, a certification of her, his or its current authority to act on behalf of the Class Member  
13 must be included in the Proof of Claim; and (iv) the Proof of Claim must be complete and  
14 contain no material deletions or modifications of any of the printed matter contained therein  
15 and must be signed under penalty of perjury.

16 (c) As part of the Proof of Claim, each Class Member shall submit to the  
17 jurisdiction of the Court with respect to the claim submitted.

18 14. Class Members shall be bound by all orders, determinations and judgments in  
19 this Action, whether favorable or unfavorable, unless such Persons request exclusion from the  
20 Class in a timely and proper manner, as hereinafter provided. A Class Member wishing to  
21 make such an exclusion request shall mail the request in written form by first-class mail to the  
22 address designated in the Notice for such exclusions, such that it is received no later than  
23 twenty-one (21) calendar days prior to the Settlement Hearing. Such request for exclusion  
24 must state the name, address and telephone number of the person seeking exclusion, that the  
25 sender requests “exclusion from the Class in *In re Coinstar, Inc. Securities Litigation*, Case No.  
26 C11-133 MJP (W.D.Wash.)” and must be signed by such person. Such Persons requesting  
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1 exclusion are also directed to state: the date(s), price(s), and number(s) of shares of all  
2 purchases, acquisitions and sales of Coinstar common stock during the Class Period. The  
3 request for exclusion shall not be effective unless it provides the required information and is  
4 made within the time stated above, or the exclusion is otherwise accepted by the Court.

5 15. Class Members requesting exclusion from the Class shall not be eligible to  
6 receive any payment from the Net Settlement Fund as described in the Stipulation and Notice.

7 16. The Court will consider any Class Member's objection to the Settlement, the  
8 Plan of Allocation, and/or the application for an award of attorneys' fees or reimbursement of  
9 expenses only if such Class Member has served by hand or by mail his, her or its written  
10 objection and supporting papers such that they are received on or before twenty-one (21)  
11 calendar days before the Settlement Hearing, upon Lead Counsel, Jonathan Gardner, Labaton  
12 Sucharow LLP, 140 Broadway, New York, NY 10005 and Defendants' Counsel, Barry M.  
13 Kaplan, Wilson Sonsini Goodrich & Rosati, P.C., 701 Fifth Avenue, Suite 5100, Seattle, WA  
14 98104-7036, on behalf of the Defendants, and has filed said objections and supporting papers  
15 with the Clerk of the Court, United States District Court for the Western District of  
16 Washington, U.S. Courthouse, 700 Stewart Street, Suite 2310, Seattle, WA 98101. Any Class  
17 Member who does not make his, her or its objection in the manner provided for in the Notice  
18 shall be deemed to have waived such objection and shall forever be foreclosed from making  
19 any objection to any aspect of the Settlement, to the Plan of Allocation, or to the request for  
20 attorneys' fees and expenses, unless otherwise ordered by the Court, but shall otherwise be  
21 bound by the Judgment to be entered and the releases to be given. Attendance at the hearing is  
22 not necessary; however, persons wishing to be heard orally in opposition to the approval of the  
23 Settlement, the Plan of Allocation, and/or the application for an award of attorneys' fees and  
24 other expenses are required to indicate in their written objection their intention to appear at the  
25 hearing. Persons who intend to object to the Settlement, the Plan of Allocation, and/or the  
26 application for an award of attorneys' fees and expenses and desire to present evidence at the  
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1 Settlement Hearing must include in their written objections the identity of any witnesses they  
2 may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing.  
3 Class Members do not need to appear at the hearing or take any other action to indicate their  
4 approval.

5 17. Pending final determination of whether the Settlement should be approved, Lead  
6 Plaintiff, all Class Members, and each of them, and anyone who acts or purports to act on their  
7 behalf, shall not institute, commence or prosecute any action which asserts Released Claims  
8 against the Released Defendant Parties.

9 18. As provided in the Stipulation, prior to the Effective Date, Lead Counsel may  
10 pay the Claims Administrator a portion of the reasonable fees and costs associated with giving  
11 notice to the Class and the review of claims and administration of the Settlement out of the  
12 Settlement Fund without further approval from Defendants and without further order of the  
13 Court.

14 19. All papers in support of the Settlement, Plan of Allocation, and Lead Counsel's  
15 request for an award of attorneys' fees and expenses shall be filed with the Court and served on  
16 or before thirty-eight (38) calendar days prior to the date set herein for the Settlement Hearing.  
17 If reply papers are necessary, they are to be filed with the Court and served no later than seven  
18 (7) calendar days prior to the Settlement Hearing.

19 20. The passage of the Settlement Fund to the Escrow Account in accordance with  
20 the terms and obligations of the Stipulation is approved. No person who is not a Class Member  
21 or Lead Counsel shall have any right to any portion of, or to any distribution of, the Net  
22 Settlement Fund unless otherwise ordered by the Court or otherwise provided in the  
23 Stipulation.

24 21. All funds held in escrow shall be deemed and considered to be in *custodia legis*  
25 of the Court, and shall remain subject to the jurisdiction of the Court until such time as such  
26 funds shall be disbursed pursuant to the Stipulation and/or further order of the Court.  
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1            22. If the Settlement fails to become effective as defined in the Stipulation or is  
2 terminated, then, in any such event, the Stipulation, including any amendment(s) thereof,  
3 except as expressly provided in the Stipulation, and this Preliminary Approval Order shall be  
4 null and void, of no further force or effect, and without prejudice to any Party, and may not be  
5 introduced as evidence or used in any actions or proceedings by any person or entity against or  
6 to the prejudice of the Parties, and the Parties shall be deemed to have reverted to their  
7 respective litigation positions in the Action immediately prior to January 11, 2012.

8            23. The Court retains exclusive jurisdiction over the Action to consider all further  
9 matters arising out of or connected with the Settlement.

10 IT IS SO ORDERED

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12 Dated this 9th day of April, 2012

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17 Marsha J. Pechman  
18 United States District Judge  
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