

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

PRECISION ASSOCIATES, INC., et al.,	)	
on behalf of themselves	)	
and all others similarly situated,	)	Case No.: 08-CV-00042 (BMC) (PK)
	)	
	)	<b>SETTLEMENT CLAIMS</b>
	)	<b>ADMINISTRATION PROGRESS</b>
	)	<b>REPORT</b>
Plaintiffs,	)	
v.	)	
	)	
PANALPINA WORLD	)	
TRANSPORT (HOLDING) LTD., et al.,	)	
	)	
Defendants.	)	

Plaintiffs write to update the Court regarding the progress of settlement claims administration.

**1. Current Status of Claims Administration**

Since the February 13, 2018 Status Report, Class Counsel has continued to work diligently with the Claims Administrator to ensure a distribution of the Net Settlement Funds from all rounds of settlements in this case—Rounds 1, 2, and 3—in 2018. Class Counsel had previously advised the Court that new determination letters would be mailed to claimants by the end of March 2018. As detailed below, the Claims Administrator, in close consultation with Class Counsel, recommends postponing the mailing of payable claim determination letters until an additional, necessary round of higher-value claimant review is completed.

Class Counsel is working with the Claims Administrator to develop a review timeline that is as efficient as possible, but that also provides claimants with deadlines that are consistent with the deadlines provided to claimants audited earlier in the process. With this in mind, Class Counsel currently believes that the Claims Administrator will be in a position to mail claim determination of their payable claim amounts by September 2018. Thereafter, an internal

objection process will occur and following the Claims Administrator's review of any objections, Class Counsel will file a motion for distribution with the Court shortly thereafter. Claimants will have the opportunity to object to the determination of their payable claim amounts to the Court. As was the case during the initial high-level review, Class Counsel will provide status reports on the progress of the audits every sixty days.

## **2. Claims Administration Progress**

As detailed in the October 17, 2017 status report, Class Counsel withdrew their motion for distribution after discovering material inaccuracies in several higher-value claimants. The Claims Administrator then engaged in a further detailed review of the claims information and purchase data of all proposed awards of over \$250,000 to verify their accuracy. The review was expanded to include proposed awards over \$150,000 and included claimants under that threshold who appeared as though they would receive substantial increases in their award as a result of recalculation of awards. This review involved a detailed secondary review of supporting claims data and, where necessary, additional requests for data, affidavits, and other information necessary to support the claimed amounts. This audit discovered widespread issues which were corrected with respect to these claims. The correction of the claims issues resulted in an approximate \$121 million-dollar reduction in the estimated awards for this group of claimants. As a result of these audits and the correction of incorrect claims, Class Counsel anticipates that the total *pro rata* distribution to most claimants will increase.

Second, the Claims Administrator (in close coordination with Class Counsel) reviewed all objections to the withdrawn Motion to Distribute Net Settlement Funds and Amend the Plan of Allocation, and provided these objectors with an opportunity to cure their claim or explain their deficiency. Additionally, the Claims Administrator has been in contact with claimants who had questions about their initial proposed award recommendation but did not file a formal objection. These claimants also were given an opportunity to cure or explain any deficiency, and many did so. Thus, certain claimants' awards are expected to increase substantially as a result of the cured deficiencies.

Third, as noted in our December 2017 report, on October 10, 2017 the Claims Administrator sent letters to all claimants affected by the data mapping error described in our October 17, 2017 Status Report. Claimants were given the opportunity to resolve any outstanding defects, and many did so. These corrections are likely to result in substantial increases in certain claimants' awards.

Lastly, the Claims Administrator was able to use the delay in mailing Round 1 and 2 determination letters to include the evaluation of the Round 3 awards. The inclusion of Round 3 settlement funds resulted in a significant award increase for many claimants.

After the Claims Administrator recalculated estimated awards, the Claims Administrator conducted an additional review to ensure that there were no outstanding concerns about the accuracy of the proposed award. This review revealed that a significant number of new claimants who were slated to receive distributions of more than \$250,000 (and in some cases more than \$1,000,000) had not been subjected to an audit because they were previously under the audit limit.<sup>1</sup>

In fairness to all claimants and to ensure a consistent audit process, Class Counsel, after consultation with the Claims Administrator, determined that given the inaccuracies contained in certain claim forms to date, a detailed secondary review of supporting claims data should be required. Where necessary, additional requests for data, affidavits, and other information necessary to support the claimed amounts will be required for all claimants projected to receive over \$150,000 in settlement funds. Indeed, a limited review of the new high value claims shows that a number of those claims have problems similar to the ones identified in the review of the original population of high level claimants, making further review of these new, higher-value claims necessary.

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<sup>1</sup> The changes in potential awards to claimants speak both to the necessity of and the success associated with, the initial high-level review conducted by the Claims Administrator and Class Counsel. The nature of the revisions also informs Class Counsel's decision that further review is necessary to ensure fair distribution to qualified claimants.

In sum, many of the claimants' estimated awards rose significantly. The Claims Administrator and Class Counsel were aware of this possibility at the outset and expanded the review to include several high-level claimants who were originally getting less than \$250,000. Ultimately, the combination of the significant reductions in initial group of high-level claims reviewed, the change in certain claimants' status from a deficient claim to a fully payable claim as a result of the other outreach conducted by the Claims Administrator, and the inclusion of Round 3 claimants, resulted in an increase of new high value claimants at unanticipated levels. Given the large number of inaccurate claims discovered with the previous group of high level claimant review, the Claims Administrator believes that in the interest of fairness to all claimants, a second high-level review is necessary. Class Counsel is cognizant of claimants' desire to receive prompt payment; however, Class Counsel cannot submit a distribution plan where certain claimants may undeservedly receive high awards at the expense of other claimants.

Concurrent with the filing of this status report, the Claims Administrator will post this status report on the claims administration website. Should the Court wish, Class Counsel is available to attend a status conference to address any questions or concerns. Absent other direction from the Court, Class Counsel will provide its next update on the continued progress of claims administration in 60 days.

Dated: April 16, 2018

Respectfully submitted,

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