



INDIANA BECOMES FIFTH GOVERNMENT ENTITY TO OPT OUT OF LAWSUIT AGAINST JM EAGLE

The state of Indiana has filed papers with the U.S. District Court in Los Angeles to become the fifth government entity to decline to intervene in a lawsuit brought against JM Eagle on behalf of a fired ex-JM Eagle employee by the law firm Phillips & Cohen LLP.

In filing a pleading with the U.S. District Court in Los Angeles, Indiana joins California (where the suit was filed), Florida and Massachusetts, as well as the federal government in declining to intervene in the case.

Eleven states and the District of Columbia were named by the plaintiff's counsel as "real parties in interest"—a listing that essentially invited those states and D.C. to join, or "intervene," in the lawsuit. Only four states have chosen to do so while three states and D.C. are still deciding. The decision by four large states and the federal government to opt out of direct participation in the case supports the growing perception that the case against JM Eagle is unfounded.

The U.S. government conducted its own intensive three-year investigation of JM Eagle's products and quality-control processes and declined to join the case in February. Federal statistics show that 94 percent of these kinds of lawsuits are eventually dismissed when the federal government chooses not to get involved.

"We are gratified that Indiana was not persuaded by the dishonest pressure campaign directed at

states by the plaintiff's contingency-fee law firm. This large state has stood up for what is right in human nature by deciding not to intervene in this baseless, frivolous lawsuit," said Neal Gordon, JM Eagle's vice president of marketing. "We are confident that as more states and local governments learn about the facts of the case they also will see no benefit in intervening."

A few points in addition:

- Results of recent tests by the independent Jana Laboratories confirm the quality and reliability of JM Eagle PVC pressure pipe—both currently and during the period covered by the lawsuit. The lab conducted the tests on pipe from the same batch provided to the federal government for its own inquiry. The company's pipe has been certified by the industry-standard certification bodies NSF International and UL to meet all long-term strength requirements. In addition, the number of claims against the company's pipe over the last 10 years was miniscule—at a rate of less than one-tenth of 1 percent and most of those claims related to installation or other non-manufacturing errors.
- In a serious blow to the central claim in the lawsuit (and as alluded to above), one of the plaintiff's key witnesses denied in a sworn statement ever saying that JM Eagle intentionally compromised the quality of its pipe. After reading quotes from the Second Amended Complaint that were falsely attributed to him by Phillips

and Cohen, Brian Wang, a long time plant manager, gave a sworn affidavit claiming the falsity of the quotes. Wang denied under oath that JM ever sacrificed pipe quality by using cheaper ingredients, speeding up production or failing to replace parts on extruders. Wang, who is the most senior JM Eagle employee listed in the lawsuit's Second Amended Complaint, worked for J-M Manufacturing—now JM Eagle—from 1984 to June 2006, including as a plant manager at three of the company's 22 plants.

- JM Eagle has spent more than \$350 million in the last 15 years to deploy the most modern manufacturing practices and equipment available to ensure that its products set the standard for superior quality in the plastic-pipe industry. The company recently announced a capital-improvement project budgeted at \$20 million to further improve its manufacturing facilities this year alone.
- In addition to its own rigorous in-house testing, JM Eagle is subjected to more than 400 unannounced audits and inspections each year across its 22 plants, conducted by reputable independent agencies including Underwriters Laboratories, NSF International, Factory Mutual, International Association of Plumbing and Mechanical Officials, Canadian Standards Association, and International Organization for Standardization.
- JM Eagle recently announced an unprecedented 50-year warranty against manufacturing defects for its pipe products. This warranty—unmatched by any other pipe manufacturer—is a significant first step toward rebuilding the nation's crumbling infrastructure and proof the company stands 100 percent behind its pipe.
- Vendors and suppliers providing various raw materials and equipment have issued letters

verifying the quality of the products used by JM Eagle in the manufacture of its plastic pipes. In fact, these letters confirm that all plastic pipe manufacturers use essentially the same standards-compliant raw materials to make their products as JM Eagle. This is in direct opposition to claims made in the lawsuit, which alleges that JM Eagle used inferior or non-standard materials in order to trim costs.

- There is clear evidence that John Hendrix, the fired ex-employee who brought the lawsuit, was also the architect of a kickback scheme to defraud JM Eagle. The company has a sworn affidavit confirming that he offered to inflate a claim in return for money to be sent directly to his home. Also, after Hendrix was fired, he was caught impersonating a JM Eagle employee in order to obtain from a lab proprietary test results on the company's pipe, using his personal email address and offering to pay with his personal credit card.
- A diverse coalition of civil rights and community organizations, including the National Association for the Advancement of Colored People, Anti-Defamation League, the Mexican American Legal Defense and Education Fund and the Asian Pacific American Legal Center cosigned a letter expressing outrage over racially insensitive language contained in the complaint about the ethnicity and nationality of JM Eagle's employees and leaders. APALC also sent a letter to Phillips & Cohen's named partners demanding that they withdraw the irrelevant and offensive references from the lawsuit immediately. In a condescending and insulting reply to the request, Phillips & Cohen refused to drop the needless race-baiting language. Their insensitive refusal is proof of Phillips & Cohen purposefully putting racial intent into the lawsuit.