

**JM Eagle Giving Details on Federal Government Decision Not to Join Qui Tan Lawsuit  
McDermott Will & Emery LLP - DC  
26428048  
Cecilia Showalter  
February 18, 2010  
11:00 am Pacific Time**

*Operator: Welcome to the JM Eagle Giving Details on Federal Government Decision Not to Join Qui Tan Lawsuit Conference Call. My name is Matt, and I will be your operator for today's call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. Please note that this conference is being recorded. Mr. Davis and his colleagues will make a presentation for 15 minutes, then we will open up for questions from the press only. At that time, I will indicate how to ask a question. Include giving your name, news organization, and phone number.*

*I will now turn the call over to Mr. Lanny Davis. Mr. Davis, you may begin.*

Lanny J. Davis: Good morning/good afternoon. This is Lanny Davis. I'm a partner at the law firm of McDermott Will & Emery. I am located in the Washington, D.C., office. Right now I'm in the Los Angeles office of McDermott Will & Emery with my two colleagues and partners, Mr. Russ Hayman and Mr. Joel Rubinstein, who are the two key lawyers in charge of the defense of the litigation.

I will make a brief opening statement and then introduce Mr. Hayman to explain what a qui tan action actually is and then Mr. Rubinstein will explain the interaction between the attorneys for JM Eagle and the United States government, as well as the State of California, and then I will review what is a list of exhibits to my presentation that you can find, if you're accessing the Internet

while I'm talking, at [www.jmeagle.com](http://www.jmeagle.com) [sic], [www.jm\(as in Mary\)eagle.com](http://www.jm(as in Mary)eagle.com), and I would suggest that you click on Investigation Update and you will find a list of seven exhibits that I will be and my colleagues will be referring to in the course of our presentation, and then we'll take questions from those of you in the news business who have questions concerning what we've said.

So my only opening comment is that the allegations made by the plaintiff in this case who is called, as will be explained shortly, a relater, Mr. Hendrix, are totally and utterly baseless. There were no false claims, and a court of law and presumably a judge or jury will end up vindicating my statement. We will explain very briefly why we are so confident in the result of this case, but first I would like to introduce Mr. Russ Hayman to explain why and how a qui tan case is filed and why Mr. Hendrix remains as the only plaintiff at the moment in the case in addition to other state and municipal organizations that have 'intervened' in the case.

Russ Hayman.

Russell Hayman: Thank you, Lanny. The Federal False Claims Act is a Civil War era statute that provides for civil damages and penalties for any false claims made to the government. The states have similar statutes. The federal and state statutes have a number of unique features. Known as qui tan statutes, they allow a private citizen to file suit on behalf of the government. Qui tan refers to a Latin phrase - for he who sues on behalf of the king as well as himself. A qui tan complaint must be filed under seal with the court or in secret to allow the government time to investigate and decide whether to take over the suit. This is called 'the intervention decision.' A government decision to intervene means that

the government will take control of the suit. A decision to decline to intervene means that the government will not become directly involved in the management or control of the suit.

In that event, the statute allows the qui tan plaintiff, known, as Lanny indicated, as a relater, to proceed at his or her own expense to pursue the claims in the case, including claims brought in the name of the government. The government's decision whether to intervene or decline to intervene has an effect on the respective financial interests in the case of the relater and the government. If the government intervenes, then the relater share of any recovery can be as low as 15 percent; while if the government declines, then the relater can get as much as 30 percent. Thus, the government has a strong incentive to intervene in meritorious cases, which takes the realtor's share down as low as 15 percent.

Now let me turn it back over to you, Lanny, to discuss the process which led the major government entities involved in this suit to decline to intervene.

Lanny J. Davis: I'll be returning to an important fact for those of you in news organizations who are reporting facts that as of yet been unreported, but we're starting with the first fact that has not been reported, facts that are significant or insignificant are up to readers to decide. But facts that facts, we hope we all agree ought to be reported. So the fact that the two governmental entities who went to some effort to investigate the merits of the plaintiff relater's charges against JM Eagle, and there are only two who engaged in substantive ongoing discussions with McDermott Will & Emery as attorneys before they decided, was the United States government Justice Department over three years and the State of California

where this case was filed. And the two facts that have not been reported yet, which we hope will now be reported, is fact number one: After three and a half years of extensive investigation, United States government declined to intervene in the case. That fact hasn't been published yet. We think Joel Rubinstein will explain the interaction with the United States government and why it is a fact that we believe should be reported. But a second fact that has not been reported, and which we just came to understand yesterday, is that the Attorney General of the State of California, the very state in which this case was filed, and the only other governmental entity that took the time and effort to meet with and talk to the attorneys for JM Eagle and actually reviewed the alleged facts in this case, the Attorney General of the State of California we are informed will not - repeat will not - as of now intervene in this case.

Now, I would like to introduce Joel Rubinstein to describe our interactions during the course of the extensive federal government investigation, as well as the State of California Attorney General's investigation. Joel.

Joel L. Rubinstein: Thank you, Mr. Davis. JM first learned about this case in July of 2006 when it received a voluminous request for documents from the federal government. During the balance of 2006 and 2007, JM produced tens of thousands of paper and electronic documents, working all along the way with the federal government to make sure we were providing them with that they wanted. JM also provided the federal government with samples of pipe for testing, which were produced on a specific date identified by the federal government that was prior to the date on which JM learned of the case. After producing these documents, the federal government informed us in July 2008 that it was ready to meet with us and present the issues it was investigating.

JM Eagle and its attorneys met with the federal government in July 2008 when they presented the issues. We then met with them again in September of 2008 when JM Eagle responded in detail to these issues. Then there were three additional meetings with the federal government and industry experts to discuss the detailed issues in the case. After that, there were further additional questions posed by the federal government and the State of California, which was actively involved through its Attorney General's office, in discussing the detailed issues in the case. Also in late 2009 after all these meetings and discussions, we were informed by the federal government that they were commencing testing JM Eagle pipe, including pipe that they had randomly collected from sources other than the company. This testing was expected to take approximately four months. The next we heard was that the federal government declined to intervene and the State of California, which again, as Mr. Davis said, was the only governmental entity that actively engaged us with questions about the issues in the case during the entire process, also has declined to intervene.

Lanny J. Davis: Thank you, Joel. I want to emphasize the word 'random' in the sentence that Joel Rubinstein just said concerning the federal government's request for pipe to be tested. We cannot confirm that those tests were ever conducted. We did not hear back from the federal government. But after the request for random samples, we then next heard just recently that the federal government declined to intervene. The word 'random,' I will come back to in a moment because it is the answer to the fiction and it is a complete and total fiction that in the sampling conduct and testing conduct of JM Eagle which prides itself for its reputation for integrity and quality selling pipe not just for buildings and construction, but for

municipalities, for golf courses, for across the spectrum customers that it tests randomly and it does not cherry pick.

So now I will give you five reasons that support our categorical denial that the allegations in this complaint are false.

One. The well known national certification private agencies, such as Underwriter's Laboratory and the National Sanitary Foundation, have certified JM Eagle's pipe for compliance with quality standards. These independent private agencies conduct periodic unannounced audits at JM Eagle's plants. We are an American company. We have 17... We have 22 plants in 17 states with 1,600 employees across America., and Underwriter's Laboratory and the National Sanitary Foundation are free to enter any of our plants to take random samples - to repeat the word 'random.' And in the case of the National Sanitary Foundation, they take those samples out of our facility and test at their own facilities.

Second. If you look at the exhibits listed one through seven on the Web site address that I gave you, [www.jmeagle.com](http://www.jmeagle.com), and you click at the purple box - Investigation Update - you will find, number one, a chart. That chart, to give those of you time to look for it, describes - and we just took the last five years, we could've gone back further; the results would've been no different - out of over a billion feet of pipe sold in each of the last five years a small miniscule fraction ranging from 0.04 percent to 0.09 percent. For those of you prefer rather than percentages numbers - In 2009, over a billion feet of pipe led to gross claims - I'll explain that expression 'gross claims' in a second - of four out of 10,000, 0.04 percent. Now what is a gross claim? A gross claim can be the result of an

installation problem. Since JM Eagle is not responsible for installation, that's done by independent contractors, all that JM Eagle is responsible for is providing pipe at the highest quality consistent with all of the applicable standards. So the four out of 10,000 number, up to nine out of 10,000 number, over a billion feet of pipe could come from installation problems, could come from pipe falling off trucks, could come from other circumstances having nothing to do with JM Eagle. Yet the number still, even if you include all of the non-JM Eagle possible causes, the number is still so miniscule that it's hard to even express 0.04 percent to 0.09 percent, four out of 10,000 to nine out of 10,000, over the last five years. And as I said, we could've gone back 10 or 20 years and you would've had no different conclusion of extremely small fraction, including in most instances nothing to do with JM Eagle.

Thirdly. The significance of the United States government and California not intervening, as far as we're concerned, is simply to state the fact that they didn't intervene after conducting investigations that were quite extensive. But if you look at Exhibit Number Three in the exhibits on the Internet site, you will find a most unusual press release put out yesterday by the Attorney General of the State of Florida. The Attorney General of the State of Florida announced that he was not intervening either, referring to the investigation of the U.S. Justice Department and in the opinion of the Attorney General Bill McCollum, M-C-Capital C-O-L-L-U-M, as in Mary, McCollum, it is stated in his press release, "The case is without merit." And after looking at it, we concluded the same thing. We chose not to join in this one. Most unusual for a State Attorney General to proactively declare that he will not be intervening.

Fourth. Even those that did intervene, which we are informed, we have not been formally notified, via the newspapers that four states have chosen to intervene and that 43 municipalities or authorities in the State of California chose to intervene. So let me deal with the first issue of 43 California municipalities or authorities that have been reported in newspaper via a press release by the counsel to the plaintiff relater. Let me first state that not one - - not one of those 43 who have intervened ever called JM Eagle and asked for the facts or for our side of the story. Let me also say for those 43, not one has ever registered a complaint with JM Eagle about leaking pipes, not one. And let me finally say to those 43, if any are listening, we invite you to do what your state attorney general took the time to do, which you did not take the time to do, meet with us, listen to us, hear our facts, understand that filing a law suit is something anybody can do, especially can be done by a law firm if it happens to be that the law firm will put up all the expense and somebody is only going to get a percentage of the recovery. We don't know whether that's the case here. Anyone can file a law suit, but we invite the 43 municipalities or water authorities in California to do what your State Attorney General Jerry Brown did - be responsible and contact us and let us show you the facts, the documents, the certifications from independent laboratories, from randomly selected pipe that this complaint is, as the Attorney General of Florida stated, without merit. Secondly, the State of Delaware is one of the states that choose to intervene that we are informed about through the newspapers. Again, we never heard from the State of Delaware. We never received any calls from the State of Delaware asking us "What are the facts?" But the State of Delaware did speak to the press; and in *Plastic News*, at Exhibit Four at the Internet site, there's a very interesting quote from a spokesperson for the State of Delaware, which is: "Delaware has experienced 'no known failures of the pipe - - no known failures of the pipe.'" Yet

the State of Delaware intervened without ever calling us. Another example that appeared in the newspapers is Nevada, a state that also intervened. Indeed in one newspaper article, someone from Nevada is actually quoted regarding a bursted [*sic*] pipe incident involving the Nevada Correction Facility. Yet the very quote in this particular newspaper article from a Mr. Gus Nunez, N-U-N-E-Z, who is identified as the manager of the Nevada Public Works' board, does not support that JM Eagle had a quality problem at all. In fact, it specifically says the problem related to installation. The quote from Mr. Nunez is that the specialists faulted the materials supporting the pipe and the installers. Now if that isn't enough to confuse as to why that is being used to criticize Mr. JM Eagle, you can find that particular article and quote from Mr. Nunez at Exhibit Five in your Internet site, we then went to an independent laboratory concerning the correction facility incident. This is a fact that did not make into the newspaper article, 50 percent of the cost of this laboratory testing called 'CRT Laboratory,' and you can find the report at Exhibit Six on your Internet site, confirmed what Mr. Nunez told this particular newspaper. The conclusion on Page One of the CRT Laboratories, Inc. of Orange, California, of this Nevada incident, the conclusion states: "The Bell and pipe show evidence of excessive insertion force and misalignment," confirming what the comment from Mr. Nunez was - namely an installation problem that made it into this particular newspaper in the context of supporting a case against JM Eagle, which in fact had nothing to do with the quality of the pipe supplied by JM Eagle.

So before I get to my final point, there is a question that we all ask ourselves, why would all these entities intervene in a case where they never called us to ask for the facts and where they didn't have any complaints and indeed told newspapers that there were no failures against JM Eagle? One can speculate

why these are interventions occurred. But in my experience as both a plaintiff's and a defendant's attorney in filing qui tan actions or defending against them, I can give you the reason in my experience. It's called 'a free ride.' It's called 'entering a case with nothing to lose at no cost and maybe - - may be, there's a small percentage change that the plaintiff might recover or there might be a settlement and maybe there will be money that lands at the doorsteps of hard press municipalities in the State of California or in the state AGs, so what do we have to lose? It's a free ride. Now, I don't know whether that is the case, but I can only tell you in my experience, many, many entities intervene after the federal government decides not to intervene, simply to take a free ride and, who knows, maybe they'll get some money. But to repeat, we do invite the four states that we've heard about who have never contacted us other than perhaps listening in on conversations once in awhile and we would certainly invite the municipalities in California who contrary to the State Attorney of California decided to intervene to please contact us.

Finally, and I would like you all if you have an Internet to go to Exhibit Seven, the issue of the credibility of this relater who did his best to go to newspapers and get his photograph in a newspaper on the filing of a case and got a lot of publicity that has put our company in peril, if people were to believe the false statements and allegations in the complaint, this is about one individual who made these false charges, one individual who got a plaintiff's law firm We don't know whether he's paying them or not. One individual who went to the press to make these false allegations, therefore that individual has his creditability very much involved in this case. So I'm simply going to read to you a sworn statement by one of the customers of JM Eagle. This statement was signed on February 15th. We have known about this incident for some time. But it was not until we were informed

that the federal government was declining to enter the case, the complaint was unsealed, and we read about JM Eagle in a major newspaper article in which many facts were omitted that we decided to go back to this individual to ask the individual to put in writing what he had previously told us voluntarily over the phone. And what he put in writing, he signed as a sworn declaration under penalty of perjury. So I will now read it to you. I William Sheldon declare as follows: One) I am the President of Sheldon Site Utilities. I have personal knowledge of the facts set forth herein and have called upon, could, and would testify competently thereto. Two) In 2005, in connection with the Presidio View Apartment project in San Diego, Sheldon Site Utilities purchased from Ferguson Waterworks PVC Pipe manufactured by JM Manufacturing. I would add Ferguson is a distributor which buys from JM and then resells to customers. In this case to Mr. Sheldon's company. After installing a substantial amount of pipe during the testing process, I identified leaks in some of the pipe. I would add at that point that further investigation by Mr. Sheldon identified the cause of those leaks as drilled holes that were apparently the result of vandalism and not the result of any quality issues regarding JM Eagle. Three) The cost associated with repairing the leaks totaled approximately \$30,000. I made a claim to JM Manufacturing for this amount. In May 2005, John Hendrix, that is the individual who filed the qui tan case, who is called the relater, John Hendrix from the JM Manufacturing Product Assurance Department wrote me a letter denying that JM had any liability for the damages. Four) After this point, I continued to pursue the claim with Ferguson Waterworks. That is the distributor; those were my words. In October 2005, I received a telephone call from Mr. Hendrix. Mr. Hendrix told me that he could help me obtain a recovery on my claim if I inflated my claim from approximately \$30,000 to between \$95,000 and \$103,000. He told me if I did this, he would be able to get me a settlement amount of \$75,000 to \$76,000

within two weeks. When I asked him if there was a catch, Mr. Hendrix said there was not, but further responded with words to the effect that, and this is a quote that Mr. Sheldon included, "The only way I can stick it to JM is to help out guys like you." I told Mr. Hendrix, I would get back to him. Five) During a later call with Mr. Hendrix to confirm my understanding of what he was offering, I again asked Mr. Hendrix why he was doing this. Mr. Hendrix responded with words to the effect that "After getting your money and cashing the check, I will send you my address so you can compensate me for my efforts on your behalf." Six) During a subsequent call, I told Mr. Hendrix that I was not going to falsify my claim or pay him a kickback and that I just wanted to get my \$30,000 back. I declare under penalty of perjury under the laws of California that the foregoing is true and correct. Executed this 15th day of February, 2010, at Poway, P-O-W-A-Y, California. Signed William Sheldon.

Let me make one more point and then we'll be ready for questions. It appears to me as a lawyer that there could be, if this is true, there could be two crimes committed by Mr. Hendrix, if this is true. One) The offer to inflate claims would be fraudulent and possibly unlawful. Two) The offer to share some portion of the inflated claim, the request or solicitation rather to receive back some portion of the inflated claim, referred to by Mr. Sheldon as a kickback, could - - could also be a crime. We are referring this letter and sending it to federal, state, and local criminal prosecutors and we will leave it to them to decide whether any crime has been committed.

We would say as attorneys representing a company that we have talked to Mr. Sheldon and he has told us that one or more individuals were witness to this conversation and heard this conversation take place from Mr. Hendrix. So apart

from the fact that Mr. Sheldon did this voluntarily because, as he said, it was the right thing to do when he called us to tell us about it, as well as his decision to sign this statement, if there's any suggestion that he's not being truthful, even though he signed this under penalty of perjury, he has told us that one or more individuals were present and heard Mr. Hendrix during one or more of these conversations. So creditability is very much an issue.

If any of the state attorneys general who are unaware of Mr. Sheldon's sworn affidavit wish to reconsider associating with Mr. Hendrix until this matter is fully investigated and are interested in the facts, individual attorney generals who have intervened in the case without calling us or interested to understand better why Attorney General Brown in California and why the U.S. Attorney in the Justice Department decided not to intervene, especially in light of this Sheldon sworn affidavit, we are certainly open and would welcome an opportunity to meet with every state Attorney General considering associating with themselves with Mr. Hendrix in this case.

Now we are open to questions, Matt.

*Operator: Thank you. We will now begin a 15-minute question-and-answer session with the press only. If you have a question, please press star then one on your touchtone phone. If you wish to be removed from the queue, press the pound sign or the hash key. There will be a delay before the first question is announced. If you are using a speakerphone, you may need to pick up the handset first before pressing the numbers. We may ask you to confirm your name, news organization, and phone number when you enter the queue. Once again, press star then one on your touchtone phone.*

*Our first question comes from Bill Bragger, the Plastic News.*

Bill Braggar: Hi. I just had a quick factual question. **Where is the Sheldon Site Utilities based? Is that out in that Poway?**

Lanny J. Davis: Yes, sir.

Bill Braggar: **And then where is Ferguson Waterworks based?**

Russell Hayman: Bill, they're a large distributor. They're certainly present in Southern California, but they're a national company.

Bill Braggar: Okay, but as far as their headquarters, okay.

Lanny J. Davis: We're in Southern California. Do we have a location anybody?

Bill Braggar: That's okay; I can probably follow-up on that.

Lanny J. Davis: All right, thanks, Bill.

Bill Braggar: Okay. Oh, I had one more question. **Was this apartment project water pipe or sewer pipe?**

Lanny J. Davis: The apartment project that Mr. Sheldon is writing about?

Bill Braggar: Right.

Lanny J. Davis: We believe it's water pipe, but we can get back to you on that. You know, Marcus...

Bill Braggar: Just a simple question on that one, yeah, okay.

Lanny J. Davis: We'll get back to you on that. We'll keep track of that, but we believe it was water pipe, but we will get back to you.

Bill Braggar: Okay.

Lanny J. Davis: And by the way, anybody else who would like to speak directly with the CEO of our company, JM Eagle, Mr. Yang - - Mr. Wang, excuse me, Walter Wang would be happy to talk to any of you who would like to interview him. He has very strong feelings. He's a man of extremely high integrity and regards these allegations and the prematurity of people intervening without ever giving us an opportunity to offer our version of the facts. He would welcome an opportunity to talk to any of you in the media who would like to talk him. And the way to reach him is: Go to our Web site and... Marcus, may I mention your name?

Marcus Galindo: Certainly.

Lanny J. Davis: Marcus Galindo, G-, as in George, A-L-I-N-D-, as in David, O, would be the person to ask for and he will arrange an interview with Mr. Wang, and he would welcome that opportunity for you to talk to Mr. Wang.

Operator: Okay.

Lanny J. Davis: Next question.

*Operator: Our next question will come from Tom Sawyer with Engineering Direct. Go ahead, Tom.*

Tom Sawyer: Sorry, that's *Engineering News Record*.

Lanny J. Davis: Hi, Tom.

*Operator: Oh, I'm sorry.*

Tom Sawyer: Hi. **Did I understand you to say just now that you had not had an opportunity to examine these filings until they were unsealed on, I guess, February 8th?**

Lanny J. Davis: That is correct. The sealed complaint was filed in 2006, meaning we never saw it, read it. We can only try to figure out what we were being charged with by inference because the Justice Department called us in and over the three-year-plus time period we went through tens of thousands of documents, questions, PowerPoints, meetings. You heard Joel Rubinstein say all this to you, but the fact is we never read what we were being charged with until just recently. After the federal government issued its notice that it wasn't going to enter the case, then the judge ordered the record to be unsealed and we were able to obtain a copy of the complaint.

Tom Sawyer: **You mentioned samples were taken for testing by the testing agencies. Do you have a record of the samples that were taken and the dates of production?**

Lanny J. Davis: Let me correct one thing. I'm adding one thing, not correcting. The federal government asked us for samples and they were randomly selected and sent to the government for testing, and the next thing we heard is the government - - U.S. government decided not to intervene. Now regarding the samples that are taken randomly by Underwriter's Laboratory, National Sanitary Foundation, et cetera, let me ask one of my colleagues, "How are those samples collected?"  
Joel Rubinstein.

Joel L. Rubinstein: Yeah. So at least in the case of NSF, NSF conducts audits of plants and they will point out while they're there particular pipe. That pipe is marked with an identification that shows right on that pipe that that's pipe that NSF has chosen to be tested, so there's no possibility there of cherry picking any type of sample, and then that sample is sent out to NSF to its laboratories for testing. Other agencies come in and observe the testing at the plants while it's conducted at the plants.

Lanny J. Davis: Does that answer your question, Tom?

Tom Sawyer: Somewhat. **It seems the period that in question in the filing is from 1997 to 2005. That's specifically what I'm wondering whether they have represented in samples tested against specifically for the pressure that was cited as coming up deficient in several of the plants.**

Joel L. Rubinstein: We believe that...

Lanny J. Davis: This is Joel Rubinstein speaking, so he'll try to answer, Tom.

Tom Sawyer: Right.

Joel L. Rubinstein: We believe that the federal government was testing for the HDB test. Again, we have no confirmation of exactly what they did or didn't do, but we believe that they were testing for these pressure application issues.

Lanny J. Davis: HDB stands for what?

Joel L. Rubinstein: Yeah, hydrostatic design basis. It's basically the ability of the pipe to withstand pressure from internal sources. So when you have water pipe that's pressurized, it's the ability of the pipe to withstand the pressure, and there are specific standards as to the number that it has to meet.

Lanny J. Davis: But let me also stress, but I ask Joel to please jump in to correct me, the Underwriter's Laboratory is extremely well known. In fact, I would say for the consumer, it's something akin to a stamp of approval. And products that carry the Underwriter's Laboratory stamp, most consumers have greater confidence in. That's just a fact. Underwriter's Laboratory prides its reputation for that reason, and it does insist on random sampling. Of course, it knows it wouldn't be valid if it weren't random. So the Underwriting *[sic]* Laboratory stamp and certification process is extremely important to take into account here as is the National Sanitary Foundation that actually takes the random samples home to its laboratories to do independent testing.

Joel, you want to add to that?

Joel L. Rubinstein: And just one clarifying remark is that our understanding is that Underwriter's Laboratory observes testing, but they don't do their own testing, but they do come and observe the testing as it's being performed.

Lanny J. Davis: And their observation and their decision to allow us to use their stamp, I think is one of the very favorable facts in this case. But the National Sanitary Foundation, as I mentioned, actually randomly takes samples and takes it back and does its own independent testing. So that's just one of the many factors why we believe this complaint lacks any factual basis.

Tom Sawyer: Thank you.

*Operator: Again, if you have a question, please press star then one on your touchtone phone.*

*Our next question comes again from Bill Braggar with the Plastic News.*

Bill Braggar: Yeah, I had a quick question. **I know... I looked at all your exhibits on your Web site. I didn't see anything from the California Attorney General Mr. Brown. Of course, we'll call him to check that, but... And then the federal government case, they actually filed a court filing that they're not going to intervene in the whistleblower law suit. Is the... Did California file something like that or is there some official statement they made or something, something hard factual written document that I can see or...**

Lanny J. Davis: Good question. First of all, we heard it yesterday from a source that I can't reveal, but we (inaudible)...

Bill Braggar: Okay.

Lanny J. Davis: ...it to be reliable. But let me ask Russ Hayman, that's an excellent question, whether under the qui tan statute do they have to file a declination the way the Justice Department does?

Bill Braggar: Yeah.

Russell Hayman: Bill, this is Russ Hayman. Your instincts are good. They will file a notice. It's a matter of it being processed. We believe it's been filed and it's in the queue, if you will, for the District Court here in Los Angeles to sign to be a perfunctory court order unsealing the state and municipal notices.

Bill Braggar: Okay.

Russell Hayman: We don't have them yet. We think they're sitting at the courthouse, but we don't have them yet.

Bill Braggar: Okay, I can just call anyway.

Lanny J. Davis: And, yeah, let me stress that the source that we learned this from only allows me to say that I believe this is true.

Bill Braggar: That's okay.

Lanny J. Davis: We do not have verification of that.

Bill Braggar: Okay.

Lanny J. Davis: Any other questions?

*Operator: We have no further questions at this time. I will now turn it back over to Mr. Lanny Davis.*

Lanny J. Davis: Thank you. Let me just conclude by encouraging anybody in the media to contact us for personal interviews and, certainly, I mentioned Mr. Wang's willing to talk to anyone. That's how strongly he personally feels about this case. If you wish to contact me, you may call my Washington office at 202-756-8293, my colleague Eileen O'Connor, O'-C-O-N-N-O-R, at 202-756-8222 and also you may reach Ms. O'Connor on her cell at 202-997-1234. We thank you all for what may have been an overly lengthy introduction, but we believe we are for the first time getting our chance to tell our side of the story, and we certainly hope that you will report the facts of what you've heard in this telephone call. Thank you all very much for dialing in.

*Operator: Thank you, ladies and gentlemen. This concludes today's conference. Thank you for participating. You may now disconnect.*

Please Note: \* Proper names/organizations spelling not verified.  
[sic] Verbatim, might need confirmation.  
- - Indicates hesitation, faltering speech, or stammering.