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Contact:

Leonard A. Davis, Esquire
Herman, Herman, Katz & Cotlar, LLP
820 O'Keefe Avenue
New Orleans, LA 70113
PH: (504) 581-4892
FAX: (504) 561-6024
ldavis@hhkc.com

Federal Judge Announces Breakthrough Agreement in Chinese Drywall Litigation

NEW ORLEANS, NOVEMBER 2, 2009 – Judge Eldon E. Fallon announced today that Knauf Plasterboard (Tianjin) Co., Ltd. (KPT), one of the Chinese drywall manufacturers involved in recent defective drywall complaints, has offered to accept service of process of an omnibus class action complaint. This will allow claimants with KPT drywall to consolidate their claims in one lawsuit against KPT.

All federal litigation involving defective drywall products has been consolidated in the multidistrict litigation, MDL 2047, pending in the United States District Court for the Eastern District of Louisiana, before Judge Fallon. Since its inception in June of 2009, the litigation has been proceeding rapidly, with the first of several bellwether trials scheduled to begin in January 2010 in New Orleans, Louisiana.

Until today, KPT had required that service of process of any lawsuit be made through the Hague Convention, which sets forth the method for the service of process abroad. This waiver of service is an unprecedented occurrence, as service of process under the Hague Convention has been an obstacle for many litigants involved attempting to file against international companies in the past. The Hague Convention for the Service of Process Abroad requires claimants to pay approximately \$15,000 per lawsuit, which allows for the translation of legal documents into Chinese and to have them presented to the appropriate authorities in the Peoples Republic of China to obtain service on the Chinese drywall manufacturers.

“This agreement is the equivalent of an invitation to all claimants, that were reluctant before, to get their claims on record without the hassle, delay or expense of service through the Hague,” said Arnold Levin of Levin, Fishbein, Sedran & Berman, Plaintiffs’ Lead Counsel for all Chinese drywall cases. “This will streamline the legal process that claimants have to go through by eliminating the time-consuming and costly process of serving individual complaints,” explains Leonard Davis, partner at Herman, Herman, Katz & Cotlar, LLP, whose firm is serving as Plaintiffs’ Liaison Counsel for all Chinese drywall cases. It is a huge breakthrough for all Plaintiffs whose lives have been affected by defective Chinese drywall according to Plaintiffs’ counsel.

The court order provides that KPT will accept service of process and waive its express rights

under the Hague Convention only for homeowner plaintiffs who are named in an omnibus class action complaint to be filed by December 9, 2009 in *In re Chinese Drywall Products Liability Litigation*, MDL No. 2047 (E.D. La.). All claimants who wish to be included in this omnibus class action complaint must submit proof that their properties contain KPT manufactured drywall to Plaintiffs' Lead Counsel, Arnold Levin of Levin, Fishbein, Sedran & Berman, 510 Walnut Street, Suite 500, Philadelphia, PA 19106, by December 2, 2009.

Knauf Plasterboard (Tianjin) Co., Ltd., is alleged to be a subsidiary of the German based Knauf Gips KG and is one of several Chinese companies that has been accused of manufacturing and importing defective drywall from China into the U.S. It is estimated that between 60,000 – 100,000 homes have been built in the United States using the defective drywall between 2004 and 2008. The defective drywall has been associated with unpleasant and potentially harmful odors and fumes that corrode metals, including air conditioning units, fixtures and other appliances.