

1 LABATON SUCHAROW LLP
JOEL H. BERNSTEIN
2 *jbernstein@labaton.com*
JONATHAN M. PLASSE
3 *jplasse@labaton.com*
IRA A. SCHOCHET
4 *ischochet@labaton.com*
DAVID J. GOLDSMITH
5 *dgoldsmith@labaton.com*
MICHAEL H. ROGERS
6 *mrogers@labaton.com*
JOSHUA L. CROWELL
7 *jcrowell@labaton.com*
140 Broadway
8 New York, New York 10005
Telephone: (212) 907-0700
9 Facsimile: (212) 818-0477

10 *Lead Counsel for Lead*
Plaintiffs New York Funds

12 UNITED STATES DISTRICT COURT
13 CENTRAL DISTRICT OF CALIFORNIA
14 WESTERN DIVISION

15 IN RE COUNTRYWIDE FINANCIAL
16 CORPORATION SECURITIES
17 LITIGATION

18 This Document Relates to: All Actions

Lead Case No.
CV 07-05295 MRP (MANx)

**SUPPLEMENTAL DECLARATION
OF KAREN J. SEEMEN, ESQ. IN
SUPPORT OF FINAL APPROVAL
OF SETTLEMENT AS MODIFIED,
PROPOSED PLAN OF
ALLOCATION AS MODIFIED,
AND MODIFIED AWARD
OF ATTORNEYS' FEES AND
REIMBURSEMENT OF EXPENSES**

Date: February 25, 2011
Time: 1:00 p.m.
Courtroom: 12
Judge: Hon. Mariana R. Pfaelzer

1 KAREN J. SEEMEN hereby declares pursuant to 28 U.S.C. § 1746:

2 1. I am a Senior Counsel in the Office of the Corporation Counsel of the
3 City of New York (“Law Department”).

4 2. I submit this Supplemental Declaration on behalf of Court-appointed
5 Lead Plaintiffs in this Action, certain New York City Pension Funds described
6 below (collectively, the “NYC Pension Funds”), in support of final approval of (i)
7 the Settlement; (ii) the proposed Plan of Allocation (“Plan of Allocation”); and (iii)
8 Lead Counsel’s Application for an Award of Attorneys’ Fees and Reimbursement
9 of Expenses. The statements in this declaration are based on my personal
10 knowledge.

11 3. This Supplemental Declaration incorporates by reference my prior
12 Declaration in Support of Final Approval of Settlement, Lead Plaintiff’s Proposed
13 Plan of Allocation, and Award of Attorneys’ Fees and Reimbursement of
14 Expenses, filed on October 11, 2010. My prior declaration is attached hereto is
15 Exhibit A.

16
17 **The Law Department Closely Monitored, Supervised, and**
18 **Approved All Aspects of the Negotiation of the Modified Settlement**

19 4. Beginning on or about October 19, 2010, the Law Department
20 engaged in nearly daily correspondence with Lead Counsel and NYSCRF in
21 connection with issues raised by the submission of requests for exclusion from the
22 Class.

23 5. The Law Department believed that the Settlement was fair, reasonable
24 and adequate, and indeed an excellent result for the Class, and therefore worked
25 with NYSCRF and Lead Counsel to preserve it while protecting the Class’s
26 interests.

27 6. I participated in a conference attended by Lead Counsel and
28 representatives of the NYC Pension Funds and Lead Plaintiff Thomas P. DiNapoli,

1 Comptroller of the State of New York, as Administrative Head of the New York
2 State and Local Retirement Systems and as sole Trustee of the New York State
3 Common Retirement Fund (“NYSCRF”) concerning strategy for the mediation
4 session held on December 1, 2010 in Los Angeles before Judge A. Howard Matz
5 and Professor Eric D. Green.

6 7. The Law Department reviewed, commented on, edited, and approved
7 the mediation statement submitted in connection with the mediation session.

8 8. I personally attended and participated in the mediation session in Los
9 Angeles that resulted in an agreement-in-principle on the material terms of the
10 First Amendment to the Amended Stipulation and Agreement of Settlement (the
11 “Amendment”).

12 9. Following the mediation, the Law Department reviewed and approved
13 the Amendment and all other exhibits filed with the Court on January 4, 2011,
14 including the Supplemental Notice to the Class.

15
16 **The NYC Pension Funds Support the Amendment**

17 10. We endorse the Settlement as modified by the Amendment and
18 believe it provides a fair, reasonable and adequate recovery for the Class in light of
19 all of the factors identified in the Notice and Supplemental Notice sent to potential
20 Class Members concerning the Settlement, as further detailed in Lead Plaintiff’s
21 supplemental submissions in support of final approval of the Settlement and
22 petition for attorney’s fees and expenses, filed with the Court on February 4, 2011.

23
24 **The NYC Pension Funds Support Awarding**
25 **the Reduced Fee Requested in this Action**

26 11. The Master Agreement provides that the Law Department has the
27 right to review the reasonableness of any requests for attorney’s fees and
28 compensation of expenses. After having monitored this Action from inception

1 through settlement, the Law Department believes the reduced fee request accords
2 with the Master Agreement and is reasonable, and therefore give its approval and
3 endorsement of Lead Counsel's application for an award of fees as well as Lead
4 Counsel's request for reimbursement of expenses.

5 12. Lead Counsel worked diligently during the period between the
6 deadline for exclusions and submission of the motion for preliminary approval of
7 the Amendment. Nonetheless, based on the fee structure outlined in the Master
8 Agreement, Lead Counsel's modified petition for an award of attorney's fees is
9 less than it requested on October 11, 2010, notwithstanding the additional and
10 valuable services rendered.

11 13. For this reason, the Law Department believes that the attorney's fees
12 sought by Lead Counsel in its modified petition for an award of attorney's fees is
13 as reasonable, if not more so, than the award requested on October 11, 2010.

14 14. Lead Counsel incurred additional expenses in connection with the
15 negotiation and settlement of the Amendment, although it is not requesting
16 reimbursement for these expenses. Because the Law Department believed that
17 Lead Counsel's October 11, 2010 request for reimbursement of expenses was
18 reasonable (and therefore approved the request), we believe that the request for
19 reimbursement is as reasonable, if not more so, than the request made on October
20 11, 2010.

21 15. The Law Department, on behalf of the NYC Pension Funds, is very
22 focused on insuring that Plaintiffs' attorneys are fairly, and not excessively,
23 compensated for the services they provide in class action securities litigation.
24 Here, based upon, *inter alia*, (i) the *ex ante* fee agreement, reflected in the Master
25 Agreement, which provides Lead Counsel with a fee based upon a percentage at
26 the low end of those awarded in comparable class action litigation, (ii) the truly
27 excellent nature of legal services provided by Lead Counsel throughout the course
28 of this litigation, and (iii) the very real possibility that Lead Counsel might not

1 have obtained any, or only very limited, recovery of fees or reimbursement of
2 expenses due to the both practical (possible bankruptcy filing of Countrywide) or
3 legal (dismissal of all or portions of the action at summary judgment or earlier)
4 risks presented in this case, as well as additional reasons set forth in my prior
5 declaration and the accompanying Memoranda of Law in Support of the Fee
6 Application, the Law Department supports Lead Counsel's application for fees and
7 reimbursement of expenses.

8 16. I declare under penalty of perjury pursuant to 28 U.S.C. §1746 that
9 the foregoing is true and correct.

10 Executed this 1st day of February, 2011, at New York, New York.

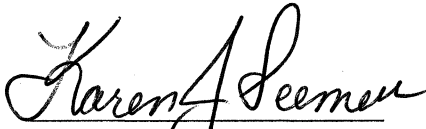
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14 Karen J. Seemen
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Exhibit A

1 LABATON SUCHAROW LLP
2 JOEL H. BERNSTEIN
3 *jbernstein@labaton.com*
4 JONATHAN M. PLASSE
5 *jplasse@labaton.com*
6 IRA A. SCHOCHET
7 *ischochet@labaton.com*
8 DAVID J. GOLDSMITH
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11 *mrogers@labaton.com*
12 JOSHUA L. CROWELL
13 *jcrowell@labaton.com*
14 140 Broadway
15 New York, New York 10005
16 Telephone: (212) 907-0700
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18 *Lead Counsel for Lead*
19 *Plaintiffs New York Funds*

20 UNITED STATES DISTRICT COURT
21 CENTRAL DISTRICT OF CALIFORNIA
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23 IN RE COUNTRYWIDE FINANCIAL
24 CORPORATION SECURITIES
25 LITIGATION

26 This Document Applies to: All Actions

27 Lead Case No.
28 CV 07-05295 MRP (MANx)

**DECLARATION OF KAREN J.
SEEMEN, ESQ. IN SUPPORT OF
FINAL APPROVAL OF
SETTLEMENT, LEAD
PLAINTIFF'S PROPOSED PLAN
OF ALLOCATION, AND AWARD
OF ATTORNEYS' FEES AND
REIMBURSEMENT OF
EXPENSES**

Date: November 15, 2010
Time: 1:00 p.m.
Courtroom: 12
Judge: Hon. Mariana R. Pfaelzer

1 KAREN J. SEEMEN hereby declares, pursuant to 28 U.S.C. § 1746:

2 1. I am a Senior Counsel in the Office of the Corporation Counsel of the
3 City of New York (“Law Department”).

4 2. I submit this Declaration on behalf of Court-appointed Lead Plaintiffs
5 in this Action, certain New York City Pension Funds described below
6 (collectively, the “NYC Pension Funds”), in support of final approval of (i) the
7 Settlement; (ii) the proposed Plan of Allocation (“Plan of Allocation”); and (iii)
8 Lead Counsel’s Application for an Award of Attorneys’ Fees and Reimbursement
9 of Expenses. The statements in this declaration are based on my personal
10 knowledge.

11 3. The NYC Pension Funds consist of the actuarial pension systems of
12 the New York City Employees’ Retirement System (“NYCERS”), the New York
13 City Police Department Pension Fund (“Police”), the New York City Fire
14 Department Pension Fund (“Fire”), the New York City Teachers’ Retirement
15 System (“Teachers”), and the New York City Board of Education Retirement
16 System (“BERS”).

17 4. NYCERS, established under Section 13-102 of the Administrative
18 Code of the City of New York, provides pension benefits to all New York City
19 employees who join the Pension Plan and are not eligible to participate in separate
20 Fire Department, Police Department, Teachers, or Board of Education pension
21 funds. NYCERS holds over \$34.6 billion in assets with over 200,000 active
22 members and approximately 120,000 retirees and beneficiaries.

23 5. The New York City Police Pension Fund, created pursuant to New
24 York Local Law 2 of 1940, provides pension benefits for full-time uniformed
25 employees of the New York City Police Department. Police holds over \$19.8
26 billion in assets with more than 36,000 active members and 37,000 retired
27 members.

28

1 6. The New York City Fire Department Pension Fund, established
2 pursuant to Section 13-301 of the Administrative Code of the City of New York,
3 provides pension benefits for full-time uniformed employees of the New York City
4 Fire Department. Fire holds approximately \$6.4 billion in assets, and has
5 approximately 12,000 active members and 18,000 retired members.

6 7. The New York City Teachers' Retirement System maintains two
7 separate retirement programs: the Qualified Pension Plan ("QPP"), established
8 pursuant to Section 13-502 of the Administrative Code of the City of New York,
9 which provides pension benefits to those with regular appointments to the
10 pedagogical staff of the Board of Education; and the Tax-Deferred Annuity
11 ("TDA"), established pursuant to Internal Revenue Code Section 403(b), which
12 provides a means of deferring income tax payments on voluntary tax-deferred
13 contributions. Teachers QPP has approximately \$34.7 billion in assets and
14 approximately 75,000 retirees and over 100,000 active members. The TDA is
15 comprised of a Diversified Equity Fund known as the Variable A Annuity
16 Program, with approximately \$9 billion dollars in assets, and a stable value fund
17 known as the Variable B Annuity Program, an International Equity Fund, an
18 Inflation Protection Fund, and a Socially Responsive Equity Fund.

19 8. The New York City Board of Education Retirement System provides
20 pension benefits to, among others, non-pedagogical employees of the Board of
21 Education. BERS has approximately \$2.3 billion in assets and approximately
22 12,000 retirees and 22,000 active members.

23 9. The Law Department is the legal arm of the City of New York,
24 employing more than 650 attorneys. Pursuant to the powers and duties granted to
25 it under Section 394 of the New York City Charter, the Law Department represents
26 all City agencies and the NYC Pension Funds, as well as the offices of elected
27 officials such as the Comptroller and the Public Advocate. In the matters in which
28 outside counsel is retained to represent New York City, its agencies and its pension

1 funds, the Law Department has the sole authority and responsibility to select which
2 firms to retain and to negotiate the terms of retention.

3 10. The Law Department serves as counsel to the NYC Pension Funds,
4 has over 650 attorneys with experience in all areas of litigation, including class
5 action and securities litigation, and is thus able to provide direction and monitoring
6 of this litigation on behalf of the NYC Pension Funds.

7 11. The Law Department was counsel for the NYC Pension Funds in
8 federal securities class actions in which it served as Court-appointed Lead Plaintiff.
9 Among these cases are *In re Cendant Corp. Litig.*, 264 F.3d 201 (3rd Cir. 2001), *In*
10 *re Orbital Sciences Corporation Securities Litigation*, 188 F.R.D. 237 (E.D. Va.
11 1999), *Wachovia*, 08-cv-06171 (S.D.N.Y.), *In re Take-Two Securities Litigation*,
12 Civil Action No. 1:06-cv-00803-SWK (S.D.N.Y.), *In re Juniper Networks, Inc.*
13 *Sec. Litig.*, Civil Action No. 3:06-cv-4327-MJJ (N.D. Cal.), and *Vogel v. Jobs*,
14 Civil Action No. C-06-05208-JF (N.D. Cal.).

15 12. Among these cases is one of the largest settlements in the history of
16 federal securities class actions: *Cendant*, at \$3.318 billion, was the largest
17 settlement of its kind when approved, and today is still the third largest.

18 13. Carolyn Wolpert, Deputy Chief of the Pension Division, and I directly
19 oversee many of the Law Department's securities class actions, including this
20 Action. Ms. Wolpert and I personally participated in all major aspects of this case
21 including settlement negotiations.

22 **The NYC Pension Funds Seek to Maximize Classes' Recoveries by**
23 **Obtaining Competitive Fees from Class Counsel**

24 14. The Master Agreement entered into between the Law Department and
25 Labaton, in June 2006, relating to Labaton serving as Securities
26 Litigation/Evaluation Counsel (the "Master Agreement"), does not contain
27 provisions for specific fee agreements or grids. Instead, generally at the outset of
28

1 litigation, the Law Department will negotiate a fee agreement for that specific case.
2 The Law Department undertakes to obtain competitive fees in these circumstances.

3 15. In addition, the NYC Pension Funds have in the past objected to what
4 they perceive as excessive fees, and have successfully reduced awards through
5 these procedures. *See, e.g., Cendant*, 264 F.3d 201 (3rd Cir. 2001).

6 16. I am familiar with the Master Agreement entered into between the
7 New York Funds and Lead Counsel in this Action. The Master Agreement sets the
8 processes for retaining counsel, monitoring litigation, and setting the guidelines for
9 any application to the Court for fees and expenses submitted by Lead Counsel.

10 17. After learning of the potential of a class action securities case against
11 Countrywide in August 2007, the Law Department sought bids, including proposed
12 attorney's fees, from the Labaton and the other firms in its pool. The Law
13 Department received 8 bids, including Labaton's, by October 11, 2007.

14 18. Based upon Labaton's well-developed investigation and knowledge of
15 the facts underlying potential claims in the Action, the Law Department expressed
16 interest in possibly retaining Labaton as counsel. Although Labaton's fee proposal
17 was based on a grid that would have called for an award in the single-digit
18 percentages under the circumstances of this settlement, the Law Department
19 nonetheless requested a revised, lower fee proposal in order to ensure a greater
20 recovery for the class members.

21 19. Thereafter, on October 12, 2007, Labaton submitted a revised fee
22 proposal, which was lower than the original fee proposal—such that under the
23 circumstances of this settlement, Labaton would receive the same 7.59% it is
24 actually requesting. Upon receipt of the revised fee proposal, the Law Department
25 decided to retain Labaton as counsel for the NYC Pension Funds based upon the
26 revised fee proposal. A copy of the fee grid relevant to the revised proposal, which
27 limits Labaton's fee application in this Action, is annexed. Labaton also agreed at
28

1 that point that it would not apply for a fee that exceeded three times its lodestar
2 amount.

3 20. At about the same time that the NYC Pension Funds were deciding to
4 retain Labaton and move for Lead Plaintiff, the Law Department learned that the
5 New York State Common Retirement Fund (“NYSCRF”) was also intending to
6 move for Lead Plaintiff and that they were strongly considering hiring Labaton as
7 Lead Counsel. After the two institutions decided to move together as a group,
8 NYSCRF required that Labaton agree to the lower fee agreement that NYC
9 Pension Funds negotiated.

10 21. Additionally, in order to maximize recovery for the Class, the Master
11 Agreement also provides that any fee of a contingent nature, as the requested fee
12 is, will be calculated as a percentage against the net recovery *after deduction of*
13 *permissible costs and out-of-pocket expenses* advanced by Lead Counsel.
14 Included in those costs and expenses to be deducted from the settlement fund for
15 fee calculation purposes are administration costs associated with providing notice
16 to the Class, and distributing the fund to Class members.

17 **The Law Department Closely Monitored, Supervised, and/or**
18 **Approved All Aspects of this Action**

19 22. The Law Department participated in, supervised, and monitored all
20 phases of this Action, including: attending regularly scheduled conferences with
21 Lead Counsel concerning case strategy; reviewing, commenting on, editing, and
22 approving all pleadings, motions, memoranda of law, and other submissions to the
23 Court; reviewing, commenting on, editing, and approving mediation briefs;
24 testifying at depositions; reviewing and analyzing Defendants’ briefs, pleadings
25 and submissions; attending Court hearings where appropriate; approving the
26 retention of experts and other consultants; and personally participating in
27 mediation and settlement negotiations.
28

1 23. Ms. Wolpert and I communicated regularly with Lead Counsel and
2 co-Lead Plaintiff the New York State Common Retirement Fund, concerning this
3 case, speaking with Lead Counsel several times a month and often weekly and
4 even daily during stages of the case involving dispositive briefing, class
5 certification depositions, Lead Plaintiff document production, and mediation.

6 24. The Law Department specifically approved Lead Counsel's use of
7 short-term contract attorneys, hired to analyze and review the millions of pages
8 produced in this case. The Law Department approved the hiring and use of these
9 contract attorneys on a number of conditions, including a \$325/hr cap on their
10 billing rates.

11 25. The Law Department specifically approved the decisions to retain
12 experts, other consultants including an entity that conducts mock trials and jury
13 focus groups, and other entities that have assisted in the prosecution and
14 administration of this case, based on considerations of cost, effectiveness, and
15 importance towards achieving a successful result. Similarly, the Law Department
16 reviewed the credentials and competitive proposals of the various candidates for
17 Claims Administrator. The Law Department therefore authorized retaining Rust
18 Consulting, Inc. for that position.

19 26. In accordance with the Master Agreement, Lead Counsel periodically
20 forwarded to the Law Department summary reports of its hours, lodestar, expenses,
21 daily time records, and back-up documentation of expenses, as well as the same for
22 its co-counsel. This office reviewed those materials.

23 27. I attended and participated in mediations and negotiations, including
24 the mediation that ultimately resulted in the settlement before the Court for
25 approval. Lead Counsel kept us apprised of all settlement offers and responses and
26 the Law Department participated in numerous conferences with Lead Counsel
27 regarding possible settlements.
28

1 28. During and after the mediation that resulted in the proposed
2 settlement, and in connection with ongoing discussions with Lead Counsel, the
3 Law Department reviewed and approved the Stipulation of Settlement and all other
4 exhibits filed with the Court in connection with motion for preliminary approval,
5 including the Notices to the Class.

6 29. The Law Department also reviewed and commented on the draft
7 briefs and other documents submitted in support of preliminary approval of the
8 Settlement, and final approval of the Settlement, including approval of the
9 proposed Plan of Allocation, and the approval of the Application for an Award of
10 Attorney's Fees and Reimbursement of Expenses.

11 **The NYC Pension Funds Support the Settlement in this Action**

12 30. We endorse the settlement in this Action and believe it to be a fair
13 recovery for the Class due to all of the factors identified in the Notice sent to
14 potential Class Members concerning the Settlement, as further detailed in the
15 Declaration of Joel H. Bernstein In Support of Lead Plaintiff's Motion for Final
16 Approval of the Proposed Settlement and the Plan of Allocation of the Net
17 Settlement Fund and Lead Counsel's Application for an Award of Attorney's Fees
18 and Reimbursement of Expenses.

19 **The NYC Pension Funds Support Awarding the Fee Requested in this Action**

20 31. The Master Agreement provides that the Law Department has the
21 right to review the reasonableness of any requests for attorney's fees and
22 compensation of expenses. After having monitored this Action from inception
23 through settlement, the Law Department believes the fee request accords with the
24 Master Agreement and is reasonable, and therefore give its approval and
25 endorsement of Lead Counsel's application for an award of fees as well as Lead
26 Counsel's request for reimbursement of expenses.

27 32. Furthermore, having reviewed and monitored Lead Counsel's and its
28 co-counsel's hours, as well as approving the hiring and retention of short term

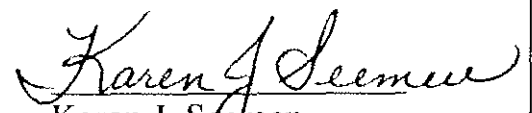
1 attorneys, the Law Department concludes those hours worked were reasonable and
2 necessary.

3 33. The Law Department also concludes that Lead Counsel's and its
4 co-counsel's requested expenses are reasonable for reimbursement. As a result, the
5 Law Department approves the request for reimbursement of expenses submitted by
6 Lead Counsel and its co-counsel.

7 34. The Law Department therefore believes that the recovery obtained is a
8 fair settlement for the Class and that the Plan of Allocation is a fair method for
9 distributing the settlement proceeds among Settlement Class Members. The Law
10 Department further believes the requested fee request comports with the Master
11 Agreement and that it is fair and reasonable compensation for the efforts of Lead
12 Counsel and its co-counsel in obtaining this recovery for the Class. We further
13 believe that the amounts requested by Lead Counsel and its co-counsel for expense
14 reimbursement are reasonable.

15 35. I declare under penalty of perjury pursuant to 28 U.S.C. §1746 that
16 the foregoing is true and correct.

17 Executed this 7th day of October, 2010, at New York, New York.

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20 Karen J. Seemen
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SCHEDULE OF LABATON FEE AGREEMENT

| Total Recovery | Appointment as Lead Plaintiff through Resolution of all Motions to Dismiss | From Resolution of Motions to Dismiss through Adjudication of Summary Judgment Motions | From Adjudication of Summary Judgment Motions to end of case (including appeals) |
|------------------------------------|--|--|--|
| Tier I: \$0 - \$100 million | 7% of recovery | 11% of recovery | 13% of recovery |
| Tier II: \$100 - \$250 million | \$7,000,000 plus 6% of any amount in this range | \$11,000,000 plus 10% of any amount in this range | \$13,000,000 plus 12% of any amount in this range |
| Tier III: \$250 - \$500 million | \$16,000,000 plus 4% of any amount in this range | \$26,000,000 plus 7% of any amount in this range | \$31,000,000 plus 8% of any amount in this range |
| Tier IV: \$500 - \$1 billion | \$26,000,000 plus 1% of any amount in this range | \$43,000,000 plus 4% of any amount in this range | \$51,000,000 plus 4% of any amount in this range |
| Tier V: Over \$1 billion | \$31,000,000 plus 1% of any amount in excess of \$1,000,000,000 | \$63,000,000 plus 2% of any amount in excess of \$1,000,000,000 | \$71,000,000 plus 2% of any amount excess of \$1,000,000,000 |