

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

BEAVER COUNTY EMPLOYEES')	
RETIREMENT FUND; ERIE COUNTY)	Civil Action No. 14-cv-786-ADM-TNL
EMPLOYEES' RETIREMENT SYSTEM;)	
and LUC DE WULF, Individually and on)	<u>CLASS ACTION</u>
Behalf of All Others Similarly Situated,)	
)	
Plaintiffs,)	
)	
vs.)	
)	
TILE SHOP HOLDINGS, INC.; ROBERT)	
A. RUCKER; THE TILE SHOP, INC.;)	
TIMOTHY C. CLAYTON; PETER J.)	
JACULLO, III; JWTS, INC.; PETER H.)	
KAMIN; TODD KRASNOW; ADAM L.)	
SUTTIN; WILLIAM E. WATTS; ROBERT)	
W. BAIRD & CO. INCORPORATED;)	
CITIGROUP GLOBAL MARKETS, INC.;)	
CJS SECURITIES, INC.; HOULIHAN)	
LOKEY CAPITAL, INC.; PIPER JAFFRAY)	
& CO.; SIDOTI & COMPANY, LLC;)	
TELSEY ADVISORY GROUP, LLC; and)	
WEDBUSH SECURITIES, INC.,)	
)	
Defendants.)	
)	

**DECLARATION OF MARY SCHAAF, COUNTY CONTROLLER FOR
ERIE COUNTY, PENNSYLVANIA IN SUPPORT OF: (A) CLASS
REPRESENTATIVES' MOTION FOR FINAL APPROVAL OF CLASS ACTION
SETTLEMENT; (B) CLASS COUNSEL'S MOTION FOR ATTORNEYS' FEES
AND EXPENSES; AND (C) ERIE COUNTY EMPLOYEES' RETIREMENT
SYSTEM'S REQUEST FOR REIMBURSEMENT OF COSTS AND EXPENSES**

I, Mary Schaaf, hereby declare under penalty of perjury as follows:

1. I am the County Controller for Erie County, Pennsylvania and a member of the Erie County Employees' Retirement Board. I submit this declaration, on behalf of Erie County Employees' Retirement System ("Erie County"), in support of (a) Class Representatives' motion for final approval of the proposed settlement reached with Defendants in the above-captioned action (the "Settlement"); (b) Class Counsel's motion for attorneys' fees and expenses; and (c) Erie County's request for reimbursement of costs and expenses incurred in connection with its representation of the Class.¹ I have personal knowledge of the matters set forth in this declaration and, if called upon, I could and would testify competently thereto.

2. Erie County Employees' Retirement System provides retirement, termination and death benefits for public employees of Erie County, Pennsylvania. As of December 31, 2015, Erie County Employees' Retirement System had over 1,800 active and retired participants and over \$230 million in assets under management.

3. By Order dated February 13, 2014, Erie County was appointed by the Court as one of the Lead Plaintiffs pursuant to the Private Securities Litigation Reform Act of 1995 ("PSLRA"). Thereafter, by Memorandum Opinion and Order dated July 28, 2016, the Court appointed Erie County, along with Beaver County Employees' Retirement Fund and Luc DeWulf, as Class Representatives for the Class.

¹ Unless otherwise indicated, capitalized terms used herein shall have the meanings ascribed to them in the Stipulation of Settlement dated January 13, 2017, entered into by and among Class Representatives and Defendants. ECF No. 381.

I. Erie County's Oversight of the Action

4. I have been the primary person involved, on behalf of Erie County, in monitoring and overseeing the prosecution of this Action and the negotiations that resulted in the Settlement. On behalf of Erie County, I had regular communications throughout the litigation with attorneys from Kessler Topaz Meltzer & Check, LLP (“Kessler Topaz”) – one of the law firms serving as Court-appointed Class Counsel. Erie County, through my active and continuous involvement, supervised, monitored, and was actively involved in all material aspects of the prosecution and resolution of the Action. Erie County received periodic status reports from Kessler Topaz on case developments, and participated in regular discussions with attorneys from Kessler Topaz concerning the prosecution of the Action, the strengths of and risks to the claims asserted against Defendants and potential settlement.

5. In particular, throughout the course of this Action, I:

(a) regularly communicated with attorneys from Kessler Topaz by email, telephone, as well as through in-person discussions, regarding the posture and progress of the Action, including all major litigation strategy decisions;

(b) reviewed all significant pleadings, briefs and correspondence filed in the Action, and provided comments and analysis as needed;

(c) supervised discovery produced by Erie County, including the production of documents, and written responses to document requests and interrogatories;

(d) prepared for and sat for a deposition, which was taken on February 23, 2016 at Kessler Topaz's offices in Radnor, Pennsylvania;²

(e) consulted with Kessler Topaz concerning the settlement negotiations and formal mediation efforts that occurred during the course of the Action and those that ultimately led to the Parties' agreement-in-principle to settle the Action;

(f) attended the Parties' initial in-person mediation session in April 2015; and

(g) evaluated, approved and recommended approval of the proposed Settlement for \$9,500,000 in cash to Erie County's board.

II. Erie County Strongly Endorses Approval of the Settlement

6. Based on its involvement throughout the prosecution and resolution of the Class's claims, Erie County strongly endorses the proposed Settlement and believes the Settlement is fair, reasonable and adequate to the Class. This Settlement provides a highly favorable recovery for the Class, particularly in light of the substantial risks and uncertainties of continued litigation, including the outcome of the Parties' summary judgment motions that were pending when the Settlement was reached, and trial.

III. Erie County Supports Class Counsel's Motion for Attorneys' Fees and Expenses

7. Class Counsel's fee request is made in accordance with a retainer agreement Erie County entered into with Kessler Topaz at the beginning of the case. Moreover, Erie County has seen Class Counsel's work for the last two and a half years

² I was designated to testify on Erie County's behalf in connection with Defendants' 30(b)(6) deposition in connection with Lead Plaintiffs' class certification motion.

and believes that Class Counsel's request for an award of attorneys' fees in the amount of 24% of the Settlement Fund is fair and reasonable in light of the work Plaintiffs' Counsel performed and the result obtained for the benefit of the Class.

8. Erie County understands that the PSLRA provides the lead plaintiff the primary role in retaining and overseeing counsel. Erie County takes seriously its duty as a lead plaintiff to ensure that the attorneys' fees are fair in light of the result achieved for the Class and reasonably compensate Plaintiffs' Counsel for the work involved and the substantial risks they undertook in litigating the Action.

9. Erie County also believes that the expenses being requested for payment to Plaintiffs' Counsel are reasonable, and represent costs and expenses necessary for the prosecution and resolution of the claims in the Action.

10. Based on the foregoing, and consistent with its obligation to the Class to obtain the best result at the most efficient cost, Erie County fully supports Class Counsel's motion for attorneys' fees and expenses.

IV. Erie County's Request for Reimbursement of Costs and Expenses in Connection with its Representation of the Class

11. Erie County understands that reimbursement of a lead plaintiff's reasonable costs and expenses is authorized under Section 21D(a)(4) of the PSLRA, 15 U.S.C. § 78u-4(a)(4). For this reason, in connection with Class Counsel's request for payment of expenses, Erie County seeks reimbursement of the costs and expenses that it incurred directly relating to its representation of the Class in the Action. These costs and expenses total \$5,239.10, as detailed below.

12. In my positions as County Controller and member of the Erie County Employees' Retirement Board, my primary responsibility involves, among other things, monitoring securities litigation involving Erie County and reporting on the status of such litigation to the board.

13. The time that I devoted to the representation of the Class in this Action was time that I otherwise would have expected to spend on other work for Erie County and, thus, represented a cost to Erie County. In sum, Erie County seeks reimbursement for the 146.75 hours I devoted to supervising and participating in this Action in the amount of \$5,239.10.³ The time I spent in connection with the prosecution of this Action, on behalf of Erie County, included the following tasks, among others: communicating and strategizing with Kessler Topaz; reviewing pleadings, motion papers and other court documents filed on behalf of the Class (including drafts), and documents filed on behalf of Defendants; gathering and reviewing documents in response to Defendants' discovery requests; preparing for and testifying in a 30(b)(6) deposition on behalf of Erie County; monitoring the progress of settlement negotiations; attending an in-person mediation session; evaluating the proposed Settlement Amount; and reviewing documents related to the Settlement once it was reached.

³ This amount reflects the hours I spent on this matter multiplied by my hourly rate for the year the time was incurred (i.e., \$34.03 per hour for time incurred in 2013; \$34.7105 per hour for time incurred in 2014; \$35.4044 per hour for time incurred in 2015; and \$36.1127 per hour for time incurred in 2016).


V. Conclusion

14. In conclusion, Erie County was closely involved throughout the prosecution and settlement of the claims in this Action, strongly endorses the Settlement as fair, reasonable and adequate, and believes that the Settlement represents a significant recovery for the Class. Accordingly, Erie County respectfully requests that the Court approve Class Representatives' motion for final approval of the proposed Settlement.

15. Erie County also supports and respectfully requests the Court approve Class Counsel's motion for attorneys' fees and expenses, and believes that Class Counsel's request for fees and expenses represents fair and reasonable compensation for counsel in light of the Settlement reached, the substantial work conducted and skill displayed by Plaintiffs' Counsel, and the risks of litigation. And finally, Erie County believes its request for reimbursement of costs and expenses incurred in prosecuting the Action on behalf of the Class is fair and reasonable and warrants the Court's approval.

I declare under penalty of perjury under the laws of the United States of America that that the foregoing is true and correct, and that I have authority to execute this declaration on behalf of Erie County.

Executed this 7th day of March, 2017,


MARY SCHAAF
County Controller
Erie County, Pennsylvania

Responses and Replies

[0:14-cv-00786-ADM-TNL Beaver County Employees' Retirement Fund et al v. Tile Shop Holdings, Inc. et al](#)

CV,PROTO

U.S. District Court

U.S. District of Minnesota

Notice of Electronic Filing

The following transaction was entered by Russello, Joseph on 3/20/2017 at 4:59 PM CDT and filed on 3/20/2017

Case Name: Beaver County Employees' Retirement Fund et al v. Tile Shop Holdings, Inc. et al

Case Number: [0:14-cv-00786-ADM-TNL](#)

Filer: Beaver County Employees' Retirement Fund
Erie County Employees Retirement System
Luc De Wulf

Document Number: [393](#)

Docket Text:

[Declaration of Mary Schaaf, County Controller for Erie County, Pennsylvania in Support of \[386\] MOTION for Approval of Settlement - Class Representatives' Motion for Final Approval of Class Action Settlement and Plan of Distribution, \[389\] MOTION for Attorney Fees - Class Counsel's Motion for Attorneys' Fees and Expenses and Reimbursement of Class Representatives' Costs and Expenses filed by Beaver County Employees' Retirement Fund, Erie County Employees Retirement System, Luc De Wulf.\(Russello, Joseph\)](#)

0:14-cv-00786-ADM-TNL Notice has been electronically mailed to:

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