

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re ENRON CORPORATION SECURITIES
AND ERISA LITIGATIONS

Civil Action No. H-01-3624
(Consolidated)

This Document Relates To:

CLASS ACTION

MARK NEWBY, et al., Individually and On
Behalf of All Others Similarly Situated,

Plaintiffs,

vs.

ENRON CORP., et al.,

Defendants.

THE REGENTS OF THE UNIVERSITY OF
CALIFORNIA, et al., Individually and On
Behalf of All Others Similarly Situated,

Plaintiffs,

vs.

KENNETH L. LAY, et al.,

Defendants.

DATE: December 11, 2003

TIME: 2:00 p.m.

COURTROOM: The Honorable

Melinda Harmon

United States Courts
Southern District of Texas
FILED

NOV 29 2003

Michael N. Milby, Clerk

**DECLARATION OF HELEN J. HODGES IN SUPPORT OF PARTIAL
REIMBURSEMENT OF EXPENSES**

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I, HELEN J. HODGES, declare as follows:

1. I am an attorney, duly licensed by the State of California and am admitted to the Bar of this Court *pro hac vice*. I am a member of the firm of Milberg Weiss Bershad Hynes & Lerach LLP ("Milberg Weiss"), counsel to the Court-appointed Lead Plaintiff in the *Newby* and *WSIB* Actions, The Regents of the University of California. I make this declaration in support of the partial reimbursement of my firm's expenses incurred in the prosecution of these actions in the amount of \$4,841,820.56. The Regents have reviewed these expenses and support their reimbursement. These expenses consist of the following:

From Inception through June 30, 2003		
Disbursement		Total
Experts'/Consultants'/Investigators'/Mediator's Fees		\$ 1,696,097.74
Financial Consultants	\$ 808,573.57	
Computer Consultants	58,241.05	
Investigator and Witness Expenses	731,308.04	
Accounting Consultants	20,212.00	
Lawyers' Obligations Consultant	11,200.00	
Energy Consultant	11,200.00	
Mediator	55,363.08	
Class Action Notices/Business Wire		3,581.00
Filing and Witness Fees		79,826.55
Computerized Legal Research		354,534.90
Meals, Hotels and Transportation		866,156.76
Overnight Delivery		65,419.42
Photocopy Expenses		1,489,483.53
Telephone and Telecopier Expenses		57,566.34
Court Reporters		164,798.29
Miscellaneous		64,356.03
TOTAL:		\$ 4,841,820.56

2. Set forth below is a further description of the expenses for which we seek partial reimbursement:

Experts'/Consultants'/Investigators'/Mediator's Fees (\$1,696,097.74)

3. Milberg Weiss seeks reimbursement for the following categories of experts/consultants/investigators or mediators.¹

Financial Consultants (\$808,573.57)

(a) We have engaged a number of consultants with financial expertise. Some assisted in drafting allegations and assisting with discovery regarding the financial institution defendants. Others have analyzed and assisted with damages, a critical element of plaintiffs' case.

Computer Consultants (\$58,241.05)

(b) When Andersen revealed that it had destroyed documents, we moved immediately for an order to preserve documents and to assess what had been destroyed. The Court ordered, among other things, that Andersen make its expert available to our expert to enable us to evaluate Andersen's efforts to preserve documents and identify those that had been destroyed or deleted from physical or electronic files.

(c) We engaged experts in computer forensics to assist us in assessing Andersen's preservation and identification efforts. Those experts have continued to assist us with electronic discovery issues.

Investigator and Witness Expenses (\$731,308.04)

(d) Identifying, locating and interviewing witnesses regarding the alleged wrongdoing by Enron and defendants is a massive, ongoing project. To date, hundreds of witnesses have been located and interviewed. We engaged a firm of investigators to work with us in this effort.

¹ Because the litigation is ongoing, these individuals or entities are identified generically.

Accounting Consultants (\$20,212.00)

(e) An important element of the class's claims in this litigation involves the manner in which Enron accounted for numerous transactions and reported its financial condition and the presence of these issues (as well as Arthur Andersen LLP) mandates the assistance of accounting and auditing consultants. We have engaged accounting and auditing consultants for the pleading and discovery phase of the case.

Lawyers' Obligations Consultant (\$11,200.00)

(f) As the Court is well aware, law firms were named as defendants in the litigation. We engaged consultants when developing the allegations in the complaints regarding the law firms' duties and obligations.

Energy Consultant (\$11,200.00)

(g) We engaged experts to assist us in understanding the dynamics and practices in the energy industry.

Mediator (\$55,363.08)

(h) This represents the *Newby* plaintiffs' share of the court-ordered mediation with Arthur Andersen LLP.

Class Action Notices/Business Wire (\$3,581.00)

4. Counsel are seeking reimbursement of expenses incurred by reason of plaintiffs' compliance with the PSLRA, 15 U.S.C. §78u-4(a)(3)(A)(i), which requires that, within 20 days after the date on which a class action is filed under the PSLRA, "the plaintiff or plaintiffs shall cause to be published, in a widely circulated national business-oriented publication or wire service, a notice advising members of the purported plaintiff class – (I) of the pendency of action, the claims asserted therein, and the purported class period; and (II) that, not later than 60 days after the date on which the notice is published, any member of the purported class may move the court to serve as lead plaintiff of the purported class."

Filing and Witness Fees (\$79,826.55)

5. Plaintiffs' counsel seek reimbursement of filing, service of process and witness fees of \$79,826.55. Such reimbursement is appropriate inasmuch as "[a] filing or serving fee is unquestionably a necessary expense of every litigation." *In re Media Vision Technology Sec. Litig.*, 913 F. Supp. 1362, 1371 (N.D. Cal. 1996).

Computerized Legal Research (\$354,534.90)

6. Counsel seek \$354,534.90 in reimbursement for computerized legal research for such services as LEXIS, Westlaw, and online library research, such as Disclosure, Inc., Dow Jones Interactive, CDA Investment Technologies, Pacer Service Center and Choice Point. These expensive services allowed counsel to access Enron's SEC filings, perform media searches on Enron, research insider stock transactions, perform research in developing damage analyses, and respond to defendants' motions to dismiss. The reimbursement requested represents the actual charges of the vendors in question, and are properly reimbursable as taxable costs. *See Media Vision*, 913 F. Supp. at 1371. Indeed, courts recognize that these tools create efficiencies in litigation and, ultimately, save clients and the class money. *See Gottlieb v. Wiles*, 150 F.R.D. 174, 183 (D. Colo. 1993), *rev'd on other grounds sub nom. Gottlieb v. Barry*, 43 F.3d 474 (10th Cir. 1994) (underscoring the time-saving attributes of computerized research as a reason reimbursement should be encouraged and noting that fee-paying clients reimburse counsel for computerized legal research).

Meals, Hotels and Transportation (\$866,156.76)

7. Courts allow travel expenses, as long as they are ""incidental and necessary"" *Thornberry v. Delta Air Lines*, 676 F.2d 1240, 1244 (9th Cir. 1982), *vacated on other grounds*, 461 U.S. 952 (1983) (citations omitted). Counsel as well as their support staff and investigators in this case have traveled extensively to conduct witness interviews, to take or defend depositions, to appear

before the Court and the Bankruptcy Court for hearings and to attend mediation sessions. Milberg Weiss' records reflect in excess of 500 trips throughout the United States in this effort.

Overnight Delivery (\$65,419.42)

8. Prior to the Court's entry of an Order for website service, we used overnight delivery for most pleadings filed and served. We have used overnight delivery for communications with clients, for delivery of documents for depositions and various other projects.

Photocopy Expenses (\$1,489,483.53)

9. Photocopy costs are customarily reimbursed in common fund cases. *See In re McDonnell Douglas Equip. Leasing Sec. Litig.*, 842 F. Supp. 733, 746 (S.D.N.Y. 1994). Duplication of the documents obtained from public sources, defendants and former employees is vital. The reimbursement sought here represents only the amounts paid to outside vendors, primarily Lex Solutio in connection with copy costs and document depository expenses. No in-house copy charges are sought at this time.

Telephone and Telecopier Expenses (\$57,566.34)

10. Telephone and telecopier expenses incurred by counsel, which are normally charged to a fee paying client, are reimbursable. *Thornberry*, 676 F.2d at 1244; *Media Vision*, 913 F. Supp. at 1368. Counsel's telephone and telecopier expenses are reasonable, were necessary to the prosecution of the litigation, and should be reimbursed here.

Court Reporters (\$164,798.29)

11. The expense of court reporters is obviously essential to the effective prosecution of this litigation and the amount requested represents the extensive discovery undertaken and Court proceedings which have occurred.

Miscellaneous (\$64,356.03)

12. These expenses consist of two items: (1) industry, trade and related publications totalling \$7,860.70; and (2) Milberg Weiss has incurred \$56,495.33 for computer equipment acquired in connection with the opening of its Houston-based Enron trial office.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this 19th day of November, 2003, at San Diego, California.



HELEN J. HODGES

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document entitled, DECLARATION OF HELEN J. HODGES IN SUPPORT OF PARTIAL REIMBURSEMENT OF EXPENSES has been served by sending a copy via electronic mail to serve@ESL3624.com on this 20th day of November, 2003.

I further certify that a copy of the above-mentioned document has been served via overnight mail on the following parties, who do not accept service by electronic mail on this 20th day of November, 2003.

Carolyn S. Schwartz
United States Trustee, Region 2
33 Whitehall Street, 21st Floor
New York, NY 10004

I also certify that a copy of the above-mentioned document has been served via overnight mail on the parties listed on the attached "Objector Service List" on November 20, 2003.

Deborah S. Granger

DEBORAH S. GRANGER

OBJECTOR SERVICE LIST

November 20, 2003

<p>Stuart Yoes THE YOES LAW FIRM, LLP 3535 Calder Avenue, Suite 235 Beaumont, TX 77726-7584 409/833-2352 409/828-5577 (fax)</p> <p>Attorneys for Objectors RINIS</p>	<p>Frank H. Tomlinson PRITCHARD, McCALL; & JONES, LLC 505 N. 20th Street, Suite 800 Birmingham, AL 35203 205/328-9190 205/458-0035 (fax)</p> <p>Attorneys for Objectors RINIS</p>
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