

**PRIVILEGED AND CONFIDENTIAL**

**MEMORANDUM**

Date: September 11, 2007

To: Members of the NAIC

From: Gail M. Sciacchetano, Deputy General Counsel  
Kara Binderup, Staff Attorney

Re: ***Central Laborers' Pension Fund v. SIRVA, Inc. et al***  
Case No. 04-C-7644

**Executive Summary**

This class action lawsuit alleges that SIRVA violated federal securities law by artificially inflating its financial results with inadequate and unreasonably low insurance and claims reserves. The alleged under-reserving understated SIRVA's liabilities and overstated its shareholders' equity.

This case was filed in the U.S. District Court for the Northern District of Illinois on November 24, 2004.

The settlement class consists of all persons who acquired SIRVA common stock through any public offering or on the open market from November 25, 2003 through January 31, 2005.

The settlement provides relief as follows:

Defendants will render a cash settlement payment of \$53.3 million. Attorneys' fees and expenses will be paid from this fund, leaving a net cash settlement payment for class members. SIRVA will also amend portions of its corporate governance guidelines.

The settlement was preliminarily approved on June 22, 2007, and the fairness hearing will be held on October 2, 2007.

**Domiciliary or other Regulator Involvement**

No regulatory actions are challenged.

**Contact Information**

Please note that the names and addresses of the class members are held only by the entities that managed their investments. For more settlement information, please refer to the following website:

<http://www.gardencitygroup.com/cases/fullcase/1273>

You may also contact the settlement administrator or the lead plaintiff's counsel:

Administrator  
Central Laborers' Pension Fund v. SIRVA, Inc.  
Securities Litigation  
c/o The Garden City Group, Inc.  
P.O. Box 9159  
Dublin, OH 43017-4159  
1-800-961-6816

Plaintiff's Counsel  
Joseph E. White III  
Saxena White P.A.  
2424 North Federal Highway  
Suite 257  
Boca Raton, FL 33431  
(561) 394-3399

### **History of the Case**

SIRVA provides services for relocation of corporate and government employees, along with individual consumers. SIRVA handles home purchase and home sale services, household goods moving, mortgage services and home closing. SIRVA operates in more than 40 countries under multiple brand names.

In November of 2004, in the United States District Court for the Northern District of Illinois, two putative class actions were filed against SIRVA, the "Central Laborers' case" and the "Hiatt case". These suits alleged federal securities law violations on behalf of a class of SIRVA securities purchasers. Plaintiffs in the Hiatt case voluntarily dismissed their complaint on January 25, 2005. On February 17, 2005, Plaintiff Richard Bassin filed a complaint against SIRVA alleging violations of the Securities Act of 1933. The Bassin case was consolidated with the Central Laborers' case shortly thereafter. The Hiatt case did not continue in this consolidation.

The consolidated action is against SIRVA, certain of its officers and directors (the Individual Defendants); underwriters including Credit Suisse, Goldman Sachs, Deutsche Bank, Citigroup, JP Morgan, Banc of America, and Morgan Stanley (the Underwriter Defendants); SIRVA's outside auditor, PricewaterhouseCoopers; and a private equity sponsor, Clayton, Dubilier & Rice.

The consolidated complaint alleges violations of the Securities Act of 1933 ("Securities Act") and the Securities Exchange Act of 1934 ("Exchange Act"). The Securities Act claims allege that the Individual Defendants, the Underwriter Defendants, and PricewaterhouseCoopers issued material false statements, including false financial results, in connection with an Initial Public Offering on November 25, 2003 and a Secondary Public Offering on June 10, 2004. The Exchange Act claims allege that the Individual Defendants and PricewaterhouseCoopers engaged in a fraudulent scheme and committed accounting fraud with its quarterly financial results during the Settlement Period, which ran from Nov. 25, 2003 to Jan. 31, 2005. The suit alleges that SIRVA's statements and financial reports did not disclose that its Network Services division was under-reserved, and that SIRVA used the reserves and other illegal accounting manipulations to manage SIRVA's earnings and meet estimates.

On January 30, 2007, the Court lifted a stay on discovery in the action, and the Defendants produced more than 2.5 million pages of documents to the Lead Plaintiff. The parties participated in a mediation session in April, 2007. This proposed settlement agreement followed.

**Terms of the Settlement Proposed in the agreement filed June 20, 2007**

The settlement class consists of all persons or entities who purchased or otherwise acquired SIRVA common stock through any public offering or on the open market from November 25, 2003 through January 31, 2005. The settlement class does not include:

- Persons or entities who submitted valid and timely requests for exclusion
- Defendants, family members of the Individual Defendants, or legal representatives, heirs, executors, successors, assigns or majority-owned affiliates of any such excluded person or entity
- Directors or officers of any such excluded person or entity during the period from November 25, 2003 to January 31, 2005

The agreement provided that SIRVA and the Individual Defendants pay \$33.8 million by July 11, 2007. PriceWaterhouseCoopers were required to pay \$10 million to the Cash Settlement Fund Account (Fund Account) by July 11, 2007. Clayton, Dubilier & Rice were required to pay \$4.75 million to the Fund Account by July 11, 2007 and \$4.75 million to the Fund Account by August 10, 2007. The attorneys' fees, expenses and representative reimbursement shall be paid first from the cash settlement fund. These costs shall be sought at the time of the Court's final judgment. The defendants will neither support nor oppose the requests for costs.

SIRVA will also amend its corporate governance guidelines to provide the following:

- Directors are expected to attend all shareholder meetings
- If an election is uncontested, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election shall promptly tender his or her resignation
- Any director who tenders a resignation pursuant to a Majority Withheld Vote will not participate in the Nominating and Governance Committee's recommendation or the Board of Directors' action regarding whether to accept the resignation offer

Should you need further information, please do not hesitate to contact Gail Sciacchetano at 816-783-8019, or Kara Binderup at 816-783-8023.