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U.S. DISTRICT COURT
DISTRICT OF OREGON
PORTLAND, OREGON

UNITED STATES DISTRICT COURT
DISTRICT OF OREGON

MARY ANN OLSEN,

Civil No. CVO1-480-HA

PLAINTIFF,

**NOTICE OF PENDENCY OF
CLASS ACTION, PROPOSED
SETTLEMENT OF CLASS
ACTION AND SETTLEMENT
HEARING**

v.

Date: May 21, 2002
Time: 1:30 pm
Place: Courtroom 13A
US District Courthouse
1000 SW Third Ave.
Portland, OR

DONN LARSON, TOM HAZZARD,
DEE McALISTER, LEE CLINTON,
CHUCK VOGEL, CLAYNE
HANSEN, JOHN ABBOTT, KATHY
HENDERSON, RANDY
ROBINSON, BOARD OF
TRUSTEES, GBS FINANCIAL, and
GREG WALLACE,

DEFENDANTS.

**TO: ALL PERSONS WHO WERE PARTICIPANTS IN OR
BENEFICIARIES OF THE SIGNATORY IDAHO EMPLOYERS-
LABORERS PENSION TRUST AS OF SEPTEMBER 21, 2000
OR THE BENEFICIARIES, EXECUTORS, SUCCESSORS,
REPRESENTATIVES, HEIRS OR ASSIGNS OF SAID
PARTICIPANTS AND BENEFICIARIES OTHER THAN THE
DEFENDANT TRUSTEES, OR THE BENEFICIARIES,
EXECUTORS, SUCCESSORS, REPRESENTATIVES, HEIRS OR
ASSIGNS OF SAID DEFENDANT TRUSTEES.**

PLEASE TAKE NOTICE that on May 21, 2002, at 1:30 p.m., a hearing will be held before United States District Court Judge Ancer Haggerty, in Courtroom 13A, 13th Floor of the U.S. District Courthouse, 1000 SW Third Avenue, Portland, Oregon, to determine whether a proposed settlement of the above-titled class action (the "Settlement"), including the payment of Class Counsel's attorney fees, is fair, reasonable and adequate and should be approved

1 by the Court, whether that class action should be dismissed with prejudice
2 pursuant to the terms of the Settlement, and any other matters which the Court
3 may deem appropriate. The Defendant Trustees are: Donn Larson, Tom
4 Hazzard, Dee McAlister, Lee Clinton, Chuck Vogel, Clayne Hansen, John
5 Abbott, Kathy Henderson, and Randy Robinson.

6 This Notice is given pursuant to an Order of the Court and pursuant to
7 Rule 23 of the Federal Rules of Civil Procedure. The purpose of this Notice is
8 to inform you of your rights with respect to the proposed settlement.

9 As a Class Member defined herein, your rights will be affected by this
10 Settlement. If given final approval by the Court, the Settlement will result in a
11 payment of \$1.9 million to the Signatory Idaho Employers-Laborers Pension
12 Trust which, after payment of litigation costs and attorney's fees, shall be used
13 by the Trust to pay benefits as described herein for all members of the class
14 defined above ("Class Members") as described herein. Moreover, the Settlement
15 would foreclose future claims by Class Members against the Defendant Trustees
16 for damages or any other relief based on the facts underlying the present action.

17 Please take note: the Settlement paid to the defined benefit pension trust
18 shall be for the benefit of all Plan participants and beneficiaries, and shall not
19 result in any additional individual payments. However, part of the Settlement
20 shall be used to pay a supplemental check to current retirees other than the
21 defendant Trustees.

22 I. SUMMARY OF THE LITIGATION

23 A lawsuit is pending before this Court in which the plaintiff seek to
24 recover the Trust Fund's losses arising out of investments managed by Capital
25 Consultants, LLC ("CCL"). Plaintiff, who is a participant in the Trust Fund, has
26 filed suit against the Trust Fund's Trustees and certain professional advisors to
the Trustees. The Settlement only involves the plaintiff's claims against the
Trustees. In a separate lawsuit, the Trustees have alleged claims against CCL
and other parties. The Settlement does not involve the claims in the Trustees'
lawsuit.

Plaintiff claims that the Trust Fund's losses were caused in part by the
Trustees' breaches of fiduciary duty in violation of the Employee Retirement
Income Security Act of 1974 ("ERISA"). Plaintiff alleges that the Trustees
violated their duty of prudence in monitoring CCL and ignored "red flags" that
should have warned them that CCL was mishandling the Trust Fund's
investments in private loans and equities. Plaintiff further alleges that some of
the Trustees accepted gifts and other consideration from CCL which caused the
Trustees to favor CCL in violation of their duty of loyalty to the Trust Fund's
participants and beneficiaries.

Plaintiff alleges that the Trust Fund has lost in excess of \$10 million as a

1 result of the private loans and equities managed by CCL; however, the Trust
2 Fund will recover a portion of these losses from the Receiver's liquidation of
3 CCL, settlements negotiated in the Trustees' lawsuit against CCL and related
4 parties, and other sources.

5 The defendant Trustees deny that they violated their fiduciary duties to
6 the Trust Fund.

7 **II. THE CLASS INVOLVED IN THE SETTLEMENT**

8 On March 13, 2002, the Court, pursuant to the Settlement Agreement,
9 certified this action to proceed as a class action under FRCP 23(b)(1) & (2) for
10 purposes of settlement. The Class definition is set forth above. The Court also
11 appointed Mary Ann Olsen (the "Named Plaintiff") as representative of the
12 Class.

13 Counsel for class plaintiff are as follows:

14 Daniel Feinberg (Calif. Bar No. 135983)
15 SIGMAN, LEWIS & FEINBERG, P.C.
16 436 - 14th Street, Suite 1505
17 Oakland, CA 94612
18 Phone: (510) 839-6824
19 Fax: (510) 839-7839
20 E-mail: dfeinberg@sl-f.com

21 James M. Finberg (Calif. Bar No. 114850)
22 LIEFF CABRASER, HEIMANN & BERNSTEIN, LLP
23 275 Battery Street, 30th Floor
24 San Francisco, CA 94111
25 Phone: (415) 956-1000
26 Fax: (415) 956-1008
E-mail: jfinberg@lchb.com

James S. Coon (OSB 77145)
SWANSON, THOMAS & COON
The American Bank Building, 9th Floor
621 S.W. Morrison Street
Portland, OR 97205-3892
Phone: (503) 228-5222
Fax: (503) 273-9175
E-mail: jcoon@stc-law.com

1 Counsel for Trustee defendants are as follows:

2 Chrys A. Martin (OSB 81305) :
3 Bullivant Houser Bailey
4 300 Pioneer Tower
5 888 SW Fifth Avenue
6 Portland, OR 97204
7 Phone: (503) 228-6351
8 Fax: (503) 295-0915

9 Stephen P. Rickles, (OSB 79361)
10 Holmes & Rickles
11 1850 Benj. Franklin Plaza
12 One SW Columbia Street
13 Portland, OR 97258
14 Phone: (503) 229-1850
15 Fax: (503) 229-1856

16 D. Ward Kallstrom
17 Sonnenschein Nath & Rosenthal
18 685 Market Street, 6th Floor
19 San Francisco, CA 94105
20 Phone: (415) 882-0364
21 Fax: (415) 543-5472

22 III. SUMMARY OF THE PROPOSED SETTLEMENT

23 This Agreement embodies a compromise settlement of disputed claims,
24 and nothing in this Agreement, including the furnishing of consideration for this
25 Agreement, constitutes any finding of wrongdoing by the defendants, or creates
26 any inference of wrongdoing or admission of wrongdoing or any liability in this
or any other proceeding.

The parties reached their proposed Settlement with the assistance of Judge
Edward Leavy of the U.S. Court of Appeals for the Ninth Circuit, who
conducted Settlement negotiations at the request of the trial judge, the
Honorable Ancer Haggerty. The following is only a general summary of the
proposed Settlement: for its complete terms, interested persons are referred to
the Class Action Settlement Agreement and Release on file with the Clerk of the
Court.

In summary, the Settlement provides that the defendant Trustees will pay
\$1.9 million to settle plaintiff's claims against them, plus interest accrued on
the fund, less the costs of this notice and the attorney's fees and expense
reimbursements awarded to Class Counsel. The Settlement also provides that an
independent party will investigate the Trustees' alleged receipt of gratuities and
that any Trustee determined to have received such gratuities will make payment

1 to the Trust Fund through the Receiver.

2 The Settlement payment shall be used by these plans to pay benefits to the
3 Plan's participants and beneficiaries. A portion of the Settlement payment shall
4 be used to pay a supplemental check (also known as a "13th check") to the
5 Plan's current retirees other than the defendant Trustees in an amount up to
6 \$500, but not to exceed the retiree's monthly benefit amount. The defendant
7 Trustees will not benefit from the supplemental check paid to current retirees of
8 the Plan.

9 As their fee for services rendered on behalf of the Class Members, Class
10 Counsel will ask to be awarded a portion of the Settlement. Class Counsel will
11 seek attorney's fees of no more than \$ 150,000. Class Counsel will also request
12 reimbursement for reasonable expenses they have advanced on behalf of the
13 Class in amount less than \$ 10,000. Class counsel will also ask for an award of
14 \$3,000 for Mary Ann Olsen as class representative for services rendered in
15 connection with this lawsuit. The amount of an award of attorney's fees and
16 costs must be approved by the Court.

17 Under the terms of the Settlement, the expenses of administering the
18 Settlement, such as providing this notice, will be deducted from the Settlement
19 payments paid to the Trust Fund.

20 As part of the Settlement, the Class will release all claims against the
21 defendant Trustees and the Board of Trustees arising out of the Trust Fund's
22 investments in private notes and equities managed by Capital Consultants. The
23 Class will also acknowledge that it is in privity with the Trustee Defendants
24 with regard to related actions against third parties with respect to these
25 investments, and may not relitigate claims on behalf of the Plans against these
26 third parties. Claims against other parties are not released under the terms of the
Settlement.

27 IV. HEARING ON SETTLEMENT

28 On May 21, 2002, at 1:30 p.m., or as soon thereafter as practicable,
29 the Honorable Ancer Haggerty of the United States District Court for the
30 District of Oregon, will hold a hearing in Courtroom No. 13A, 13th Floor of
31 the U.S. Courthouse, 1000 SW Third Avenue, Portland, Oregon, for the
32 purpose of determining whether the proposed Settlement, including the
33 payment of Class Counsel's attorney's fees and costs, is fair, reasonable, and
34 adequate and should be finally approved. The time and date of this hearing
35 may be continued or adjourned so please contact Class Counsel three or
36 four days prior to the date of the hearing if you wish to attend.

Any Class Member or the attorney or other representative for any
such person may appear at the hearing to show cause why the settlement

1 should not be approved as fair, reasonable and adequate, or to enter an
2 appearance for any other reason. However, no person will be heard unless
3 his or her objection and notice of intention to appear, together with all
4 supporting papers stating the basis for the objections and a statement under
5 penalty of perjury that he or she is a member of the settlement class, is
6 made in writing and filed with the Clerk of the Court by certified or
7 registered mail, and served by first class mail upon counsel for Named
8 Plaintiff and Defendant Trustees at the addresses listed above. To be
9 considered, the notice and papers must be received by the court and
10 delivered or post-marked to all counsel *no later than April 25, 2002*. If you
11 do not file an objection, your interest will continue to be represented by
12 Class Counsel.

8 V. EXAMINATION OF PLEADINGS AND PAPERS

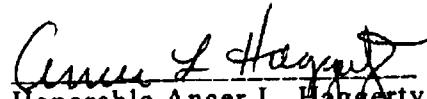
9 This Notice does not contain all of the terms of the proposed Settlement
10 or all of the details of these proceedings. For more detailed information, you
11 should refer to the underlying documents and papers on file with the Court.
12 This file may be inspected during the hours of each Court business day at the
13 Office of the Clerk of the Court, Mark O. Hatfield U.S. Courthouse, 1000 SW
14 Third Avenue, Portland, Oregon. **PLEASE DO NOT CALL OR WRITE THE
15 COURT OR THE COURT CLERK'S OFFICE.**

16 You also may make an appointment to examine during reasonable
17 business hours the underlying documents and papers relating to the
18 litigation at the office of Class Counsel. Call them at the telephone numbers
19 listed above in order to make an appointment.

16 VI. LEGAL ADVICE

17 Any questions you may have about this Notice should be raised with your
18 own attorney or advisor, and/or directed in writing to Class Counsel at the
19 address listed above. **DO NOT CALL OR WRITE THE COURT OR THE
20 COURT CLERK'S OFFICE.**

21 Dated: *March 13, 2002*


22 Honorable Ancer L. Haggerty
23 U.S. District Judge

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