

## **Combustion Engineering 524(g) Asbestos PI Trust**

### **Claims Audit Program Adopted Under TDP**

Pursuant to Section 5.8 of the Combustion Engineering 524(g) Asbestos PI Trust First Amended and Restated Asbestos PI Trust Distribution Procedures (effective September 16, 2009) (as may be amended from time to time, the “TDP”), the Trustees (“Trustees”) of the Combustion Engineering 524(g) Asbestos PI Trust (the “Trust”) have adopted a Claims Audit Program to ensure that law firms are in compliance with all terms and conditions of the TDP and the Electronic Filer Agreement (“EFA”) regarding the accuracy and reliability of medical and exposure evidence. Specifically, the purpose of this audit is to ensure that each law firm maintains within its claim files documentation which supports the information submitted electronically or via hard copy claim form. The audit of claims will be performed monthly.

#### **Sample Selection**

Subject to direction by the Trustees to review a larger number of claims per month, Verus Claims Services, LLC (“Verus”) will utilize a stratified sampling approach to randomly select 20 claims per month for audit. The audit *population*, from which the sample will be selected, will consist of all claims in the Payable Qualified status.<sup>1</sup> The population will be divided into two strata for sampling and the claims selected will be proportioned as follows:

- **Strata A:** Selected at random from disease levels VIII, VII, and IV (*60% of sample, 12 claims*)
- **Strata B:** Selected at random from disease levels VI, V, III, II, and I (*40% of sample, 8 claims*)

Each claim selected for the audit sample will immediately be placed on administrative hold until the documentation required for the audit has been received from the law firm and the Trust has satisfactorily completed the review. ***Law firms will be afforded a thirty (30) day opportunity from the initial date of notice (date sample selection is received by the law firm) to satisfactorily provide the requested documentation for each claim selected or the respective claims will be rejected and removed by the Trust from the FIFO Payment Queue (as that term is defined in the TDP). Verus will complete the audit within thirty (30) days following submission by the law firm of all requested claim information to Verus.***

#### **Documentation Requirements**

For each claim, the law firms will be required to provide all non-privileged documents of the

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<sup>1</sup> See Verus Claims Services, LLC Asbestos PI Trust Online Filing User’s Guide, published on the Trust’s website at [www.cetrust.org](http://www.cetrust.org), for further information regarding claim status.

types listed below which the law firm relied upon in submitting the medical and exposure information for the subject claim.

1. Answers to interrogatories
2. Transcripts of depositions of the claimant and co-workers
3. Verified work histories
4. Social Security records
5. All exposure affidavits executed by the claimant, co-workers or family members related to the CE claim
6. Lawsuit filings filed against CE<sup>2</sup> for all claims alleging a pre-petition lawsuit filing naming CE
7. Lawsuit filings for all claims in which claimant is alleging a Tolling Agreement (along with a copy of the Tolling Agreement)
8. For Massachusetts and Louisiana pre-petition lawsuit filings against other defendants, proof that the lawsuit was pending against one or more defendant(s) as of the petition date
9. All B-reading interpretations and ILO forms (except for Disease Level VIII claims)
10. All chest x-ray/chest CT scan reports (except for Disease Level VIII claims)
11. All pulmonary function tests (including tracings and flow volume loops) for Disease Levels III and IV only
12. All pathology or autopsy reports documenting asbestosis, asbestos-related pleural disease, malignant mesothelioma or a primary carcinoma of the lung, colon, esophagus, larynx, pharynx or stomach
13. Admission, history & physical and discharge summaries of any hospitalizations for asbestos-related disease and/or any malignant disease which is recognized as compensable by the Trust
14. All physical examination or pulmonary consultation reports
15. All non-privileged interpretive reports provided by experts retained by counsel or the claimant to review tests, x-rays, or diagnostic reports in order to render an opinion

The Trust will not require the production of original x-ray films and will not be re-reading such films or retesting claimants in the normal course of the claims audit. However, the Trust reserves the right to request such original evidence and expand the scope of the audit for targeted populations of claims in the event a pattern of submitting inaccurate, misleading or potentially fraudulent information is found.

## **Review**

Verus will review all documentation provided by the law firms in a timely manner in order to

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<sup>2</sup> As used herein, "CE" shall have the meaning ascribed to it as provided in the TDP.

answer the following questions relative to each claim:

1. Is there documentation within the law firm's file to support the accuracy of the exposure history provided as proof of claim for the Trust filing?
2. Is there documentation to support that the claim was filed in keeping with all applicable state or federal statutes of limitations?
3. Is there medical documentation consistent with established medical guidelines for establishing a diagnosis of an asbestos-related disease and supportive of the disease level for which the claim was submitted to the Trust?

### **Issue Resolution**

In the event of any findings of concern, Verus will communicate the details of the findings to the law firm and the Trustees and request additional information or explanation. If the law firm fails to provide additional information, or disputes the findings, Verus will inform the Trustees of same and seek advice as to the appropriate course of action.

Issues will be discussed with the Trustees on a regular basis throughout the course of the monthly audit. If any patterns of particular concern are discovered, the scope of the audit can be expanded and/or focused through additional targeted sampling to determine the extent of the issue.

*Pursuant to Section 5.8 of the First Amended and Restated Asbestos PI Trust Distribution Procedures (effective September 16, 2009) (as may be amended from time to time, the "TDP"), the Trust reserves the right to develop and adopt, with the consent of the Trust Advisory Committee and the Future Claimants' Representative, any other reasonable, or generally accepted audit procedures that it deems appropriate and warranted as circumstances may dictate.*

### **Management Representation**

Upon conclusion of the audit and to be dated as such, each law firm will be required to sign a law firm management representation letter in the form attached as Exhibit A.

### **Reporting of Results**

Upon the conclusion of each monthly audit, Verus will produce a report to the Trustees summarizing the findings and recommending specific actions to be taken as a result of any systemic issues identified or adverse findings that require corrective and/or disciplinary action. Verus will communicate any potentially adverse findings to the law firm and the Trustees, and the firm will be given an opportunity to resolve any concerns before any punitive follow-up actions are taken by the Trust. The particular nature of any sanctions to be imposed can be discussed as the need arises.

# **EXHIBIT A**

Law Firm

Date

Via Regular Mail or E-mail ( \_\_\_\_\_@verusllc.com)

Verus Claims Services, LLC  
2000 Lenox Drive, Suite 206  
Lawrenceville, NJ 08648

Attention: \_\_\_\_\_

**Re: Combustion Engineering 524(g) Asbestos PI Trust  
Claims Audit, Claimant (Insert Claimant Name, Claim ID)**

To Verus Claims Services, LLC:

We are providing this management representation letter in connection with the claims audit performed by Verus Claims Services, LLC ("Verus") on behalf of the Combustion Engineering 524(g) Asbestos PI Trust ("Trust") covering **Claim ID # (INSERT CLAIM ID NUMBER)** for **(INSERT CLAIMANT NAME)**.

The undersigned is competent and authorized to make the representations set forth herein.

We understand that the claims audit was conducted pursuant to the claims audit program adopted by the Trust under CE TDP Section 5.8. We further understand that the Trust conducted the audit to ensure that the law firm representing the claimant named above has complied with the terms and conditions of the TDP and the Electronic Filer Agreement regarding the medical and exposure evidence submitted to the Trust to support the claim. Specifically, we recognize that the Trust conducted the audit to ensure that our law firm maintains in its files documentation which supports the information submitted electronically or by hard copy claim form.

We acknowledge our responsibility, as the filing law firm, to comply with the requirements of Rule 11(b) of the Federal Rules of Civil Procedure in presenting information to the Trust and to provide all non-privileged documentation and supporting evidence detailed in the Trust's claims audit program and requested by Verus in conjunction with the audit to the extent that we relied upon that documentation and supporting evidence in submitting the medical and exposure information for the above-named claim.

We confirm, to the best of our knowledge and belief, as of the date of this letter, that we have provided the Trust with complete and accurate copies of all of the non-privileged documents requested by Verus on behalf of the Trust as part of the audit of the above named claim pursuant to the terms of the claims audit program to the extent that we relied upon those documents in submitting the medical and exposure information for the above-named claim.

We acknowledge that Verus on behalf of and at the direction of the Trust may request additional non-privileged information or explanations to the extent permitted by the Trust's claims audit program.

Yours truly,

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)